maclin

growing globally

ANNUAL REPORT 2012

30 JUNE 2012

marlin
growing globally

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2012/2013 CALENDAR

Dividend Payable	28 September 2012
September Quarter *Update* newsletter	October 2012
Annual Shareholders Meeting	1 November 2012, 10:30am at the Ellerslie Event Centre, Auckland
Dividend Payable	December 2012
Interim Period End	31 December 2012
Interim Report to 31 December 2012	February 2013
Dividend Payable	March 2013
March Quarter *Update* newsletter	April 2013

ABOUT THE COMPANY

Marlin Global Limited ("Marlin" or "the company") is a listed investment company that invests in companies based outside of New Zealand and Australia. The investment portfolio of Marlin is managed by **Fisher Funds Management Limited** ("Fisher Funds" or "the Manager"), a specialist fund manager with a track record of successful investing. Marlin aims to offer investors competitive returns and access to a diversified portfolio of investments through a single investment vehicle. Marlin may invest in listed international growth companies on any approved stock exchange (excluding New Zealand or Australia) or unlisted international companies not incorporated in New Zealand or Australia. The company listed on the New Zealand Stock Exchange on 1 November 2007.

INVESTMENT OBJECTIVES

The key investment objectives of Marlin are to:

- Achieve a high real rate of return, comprising both income and capital growth, within risk parameters acceptable to the directors; and
- Provide access to a diversified portfolio of international growth stocks through a single tax-efficient investment vehicle.

INVESTMENT APPROACH

The investment philosophy of Marlin is summarised by the following broad principles:

- Buy and hold shares in companies for the medium to long-term.
- Invest in companies that have a proven track record of growing profitability.
- Construct a diversified portfolio of investments, investing on a case-by-case basis, refraining from taking majority positions in any company, unless the opportunity is compelling.
- Invest as a medium to long-term investor selling only on the basis of a fundamental change in the original investment case.
- Focus on achieving an absolute return for shareholders.

DIRECTORS' OVERVIEW

The year ended 30 June 2012 has been by far the most challenging in Marlin's five year history as the company endured the volatility of global equity markets. Assuming that global economies start to regain lost momentum, the Board and the Manager are confident that the Marlin portfolio can produce long-term growth and sustainable dividends for investors.

Not unlike many stocks exposed to an uncertain international environment, Marlin's share price fell from 95c to 70c in the year to 30 June 2012. Share price adjusted for dividends paid, known as Total Shareholder Return ("TSR")*, decreased by 18.4% in the year to 30 June 2012 (see figure 1). Also for the year ended 30 June 2012, the Marlin adjusted Net Asset Value ("NAV")* has decreased by 11.5%. Adjusted NAV* reflects the underlying performance of the Marlin portfolio plus dividends paid.

For the year ended 30 June 2012, both the adjusted NAV* and the TSR* underperformed the MSCI Global Small Cap Gross Index which decreased 5.3%. While this is a disappointing outcome for the 2012 year, we note that since inception and despite the TSR being down 12.8%, the adjusted NAV* has increased by 6.5%, outperforming the MSCI Global Small Cap Gross Index which is down 10.5%.

The factors contributing to Marlin's performance for the year to 30 June 2012 are discussed in the Manager's report.

Financial Performance

For the year ended 30 June 2012 Marlin recorded a net loss of $12.0m (2011: $7.7m net profit).

After a disappointing first half loss of $18.1m for the six months ended 31 December 2011, the Marlin portfolio produced a second half profit of $6.1m. The second half profit was achieved despite the $2.5m impairment of the carrying value of Marlin's investment in Fook Woo.

The result for the 2012 year includes dividend and interest income of $1.5m, foreign exchange gains on cash of $0.8m, net losses on financial assets of $11.6m and operating expenses and tax of $2.7m.

Operating expenses were 39% down on prior year at $1.7m (2011: $2.9m), primarily due to a reduction in the Manager's fee which was reduced to 0.75% of Gross Asset Value (2011: 1.25% of Gross Asset Value). A performance fee did not apply for the year ended 30 June 2012.

Capital Management

The Board is committed to narrowing the share price discount to NAV and continues to implement the company's share buyback programme and quarterly dividend policy. At 30 June 2012, the discount was 19% (11% as at 30 June 2011). We are very conscious of the size of the discount and remain focused on initiatives designed to narrow the share price discount to NAV and to reduce discount volatility. It is encouraging to note that the discount has narrowed to 17% as at the date of this report and we are focused on narrowing it further.

** Total Shareholder Return and adjusted NAV assume all dividends are reinvested, but exclude imputation credits.*

Total Shareholder Return ("TSR")
TSR is calculated using the share price per the NZX and adds back dividends paid to shareholders as announced to the NZX.
The TSR metric is unaudited but has been reviewed by an independent actuary.
The directors believe this metric to be useful as it mirrors the return of an investor who reinvests their dividends. No metric has been included for investors who take their dividend in cash as the return on those cash dividends will differ per shareholder.

Adjusted Net Asset Value ("NAV")
The adjusted NAV is calculated using NAVs as released to the NZX (audited at the end of each financial year) and adds back dividends paid to shareholders as announced to the NZX.
The adjusted NAV metric is unaudited but has been reviewed by an independent actuary.
The directors believe this metric to be useful as it reflects the underlying performance of the investment portfolio adjusted for dividends.

Dividends

Under the company's current dividend policy, four tax-paid payments were made during the year amounting to a total of 7.43 cents per share. When declaring dividends during the year, the Board noted the trends within the period, inclusive of the second half turnaround in portfolio performance. Dividends paid in the year were sourced from subscribed capital.

The Board's current policy is to pay 2% of average NAV each quarter in dividends. Investors have the option of taking a cash dividend or electing to receive shares in lieu of their cash dividend under the company's dividend reinvestment plan. A full description of the company's current dividend policy can be found on the Marlin website. The company may pay dividends out of capital. A dividend out of capital should not be confused with "yield" or "income".

On 28 August 2012, directors announced a 1.80 cents per share dividend in respect of the three month period 1 May 2012 to 31 July 2012. This dividend is to be paid on 28 September 2012 with a record date of 14 September 2012.

Board

The Board saw some change during the year following the retirement of long-serving director Annabel Cotton in May 2012. Annabel has been a hard working director and Chair of the Audit and Risk Committee and provided valuable insights from her experience in the New Zealand capital markets.

At the end of August 2012, James Miller also retired from the Board due to his ongoing commitments with Mighty River Power, Auckland International Airport, the Financial Markets Authority and NZX. James has been a respected director and Chairman of the Board and provided extensive knowledge of the capital markets.

The Board acknowledges the contribution of both Annabel and James to the Marlin Board and wish them well with their future career paths.

In February 2012 Alistair Ryan joined the Board. In May 2012 he became the Chair of the Audit and Risk Committee and more recently has become the new Chairman. Alistair brings extensive corporate and financial experience at both executive and director level in the listed and non-listed company domain in New Zealand and Australia and is well-regarded by their investment communities. He has worked in a range of top level roles across all areas including; corporate governance, financial reporting, risk management, treasury and investor relations.

Carol Campbell joined the Board in June 2012 and at the end of August 2012 became the new Chair for the Audit and Risk Committee. For over 25 years Carol was a partner at Ernst & Young where she gained extensive financial and executive experience. Carol is a Chartered Accountant and a member of the New Zealand Institute of Chartered Accountants. Carol has strong finance skills and will provide valuable leadership in the audit and risk domain.

Investment Management Personnel

During the year, the Board liaised with the Manager regarding Ken Applegate's move to the US and the steps taken by the Manager to ensure a smooth and orderly transition to a new investment management team for the company. Further information is contained in the Manager's Report.

Governance

The Board recognises that best practice governance is an ongoing process and continues to ensure shareholders' interests are held paramount.

During the year, the Board introduced the following:

Remuneration and Nominations Committee:
The Board formed a Remuneration and Nominations Committee which considers the skills, performance, experience, compatibility and effectiveness of the Board and remuneration of the directors.

Share Purchase Plan:
The Board established a Share Purchase Plan under which independent directors receive shares in lieu of 10% of their directors' fees. Once an individual shareholding reaches 50,000 shares, the independent director can elect whether to continue with the plan. The main objective of the Share Purchase Plan is to further align the interests of independent directors with those of shareholders.

Manager's Report

The Manager's Report which follows sets out the key features of the Marlin portfolio outcomes for the 2012 year.

Annual Shareholders Meeting

A further update on performance will be presented at our Annual Shareholders Meeting on 1 November 2012, 10:30am, at the Ellerslie Event Centre. We encourage you to attend the meeting as this is an ideal opportunity to meet your Board and Manager. We look forward to seeing many of you there.

On behalf of the Board,

Alistair Ryan
Chairman
Marlin Global Limited
5 September 2012

DIRECTORS' OVERVIEW CONTINUED

FIGURE 1 - TOTAL SHAREHOLDER RETURN

The below Total Shareholder Return graph assumes all dividends are reinvested, but excludes imputation credits.

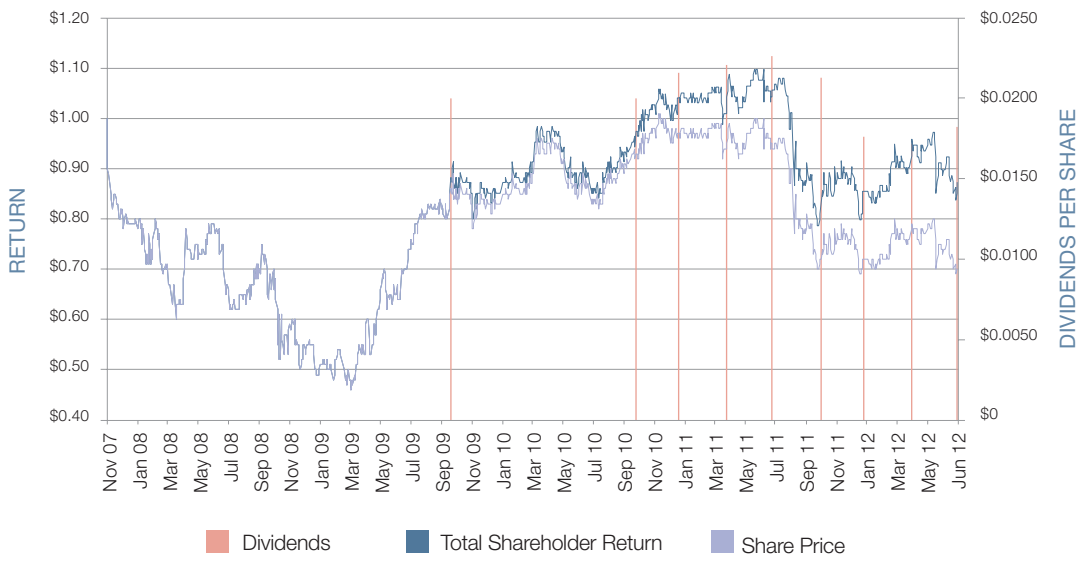


FIGURE 2 - FIVE YEAR PERFORMANCE SUMMARY

As at 30 June:	2012	2011	2010	2009	2008 (8 months only)
Audited NAV	$0.86	$1.06	$1.08	$0.99	$0.92
Adjusted NAV*	$1.04	$1.17	$1.10	$0.99	$0.92
Share Price	$0.70	$0.95	$0.83	$0.74	$0.66
Share Price Discount To NAV*	19.1%	10.6%	22.9%	25.0%	28.3%
For the year ended 30 June:					
Total Shareholder Return*	(18.4%)	25.5%	15.0%	12.1%	(34.0%)
Adjusted NAV Return*	(11.5%)	6.7%	11.3%	7.2%	(5.4%)
MSCI Global Small Cap Gross Index* *(in NZ dollar terms)*	(5.3%)	14.3%	14.1%	(13.6%)	(16.2%)
Bank Bill Index + 5%*	7.8%	8.1%	7.8%	11.2%	9.3%
Dividends Paid In Year	7.43cps	8.63cps	2.00cps	n/a	n/a
Audited Earnings Per Share	(11.57cps)	7.66cps	10.64cps	n/a	n/a

** Reviewed by an independent actuary*

MANAGER'S REPORT

Global markets remained volatile over the year, with news flow pertaining to macro-economic themes driving investor sentiment and impacting asset prices, much like the previous 12 months.

It was another year where investment analysis and stock picking expertise counted for little, as regional political and economic themes were a far bigger driver of market performance than company earnings or financial health. Marlin suffered accordingly, with adjusted NAV* declining 11.5% over the year, comparing negatively with the MSCI Global Small Cap Gross Index which fell 5.3% over the same period. We remain focused on investing in companies with solid business fundamentals and quality earnings growth prospects. We look forward to the day when business fundamentals return to the fore, so the Marlin performance is less buffeted by economic and currency concerns.

Market Review and Outlook

Europe was at the centre of investor concerns through the year. While sovereign debt again featured near the top of the "worry list", falling demand, economic contraction, reduced public sector spending and weaker credit supply were also worthy contenders. The sovereign debt crisis evolved into a political crisis as European leaders positioned themselves into opposing "austerity" and "growth" camps, calling the future of the European Union into question. As a consequence European equity markets were volatile, with the MSCI Europe Mid Cap Index losing 14.8% through the first half of our financial year, before gaining 11.5% in the third quarter and finally giving much of that up in our final quarter; a true roller coaster ride.

It is precisely during times of large-scale market dislocation that unique opportunities arise to exploit the difference between price and value. We view European market turmoil as an opportunity, and have sought to identify quality companies that meet our investment criteria, offered at prices that do not fairly reflect their fundamental value. It is worth noting that historically when political and economic turmoil has eased, equity markets have rallied powerfully and quickly, leaving limited opportunity to build profitable positions during the turnaround. As such, we do not aim to time the turning of the market, but rather to build a portfolio of healthy companies which we expect to do well in the long-term. Europe remains our largest single geographic exposure as we retain the courage of our conviction.

The US continued to deliver a steady, if uninspiring, improvement in key indicators. Employment numbers have slowly improved, economic growth has remained positive, housing prices appear to have bottomed and consumer spending shows a nascent recovery. Investors' reaction to these early signs of improvement has been surprisingly buoyant, with the US Mid Cap Index outperforming the European Mid Cap sector by 26% in New Zealand dollars through the financial year. There is no doubt that anticipation of further quantitative easing, or money printing, has contributed to US investors' joie de vivre.

As we have highlighted through the year, we find the US small cap sector relatively pricey given its earnings prospects and as such have limited our exposure to the US. This has hurt our short-run relative performance. However we have selectively invested in companies where we have purchased growth at a reasonable price, and gained exposure to positive catalysts in the form of expected corporate action, supportive changes in regulation or successful commercialisation of new products. Through the year we were pleased to see these various investment theses play out positively.

China became increasingly contentious as the year progressed. The rate of Chinese economic growth

**Adjusted NAV assumes all dividends are reinvested, but excludes imputation credits.*

MANAGER'S REPORT CONTINUED

continued to slow, culminating in policy makers announcing a surprise cut in domestic interest rates in June 2012. The significant export component of China's economy faced difficulties as the currencies of key trading partners, in particular the Euro zone which is China's largest export market, fell in value dampening export prices. Weak global growth simultaneously hurt demand for Chinese exports, while local demand suffered the negative effects of high inflation. In addition policy response appeared muted as the Chinese government prepared for a change of leadership in late 2012. Bulls pointed to the high absolute level of Chinese growth while bears speculated on the true extent of China's problems. In New Zealand dollars, the Hang Seng Index of Hong Kong listed shares fell 21% through the first three months of our financial year, recovered 23% to March and subsequently gave back 8% to close the year 11.5% down.

We continue to focus on the value offered by select Chinese companies. While there is no change to the urbanisation theme on which we constructed our Chinese portfolio, we have been negatively surprised by two factors we did not anticipate. The first of these is the extent of administrative paralysis that has accompanied the leadership change. After years of decisive global leadership driving towards a bold vision and a dominant position in the world, Chinese administrators appear to have turned inward while the ruling party re-establishes its agenda. The second surprise is the need for greater selectivity and diligence in stock selection as we have suffered unanticipated losses from some portfolio companies. We must highlight that in a majority of cases the core business of these companies performed in line with our well-researched expectations, but we cannot escape the fact that the extraneous factors we failed to anticipate significantly detracted from performance. As a result of these experiences we have identified key risk indicators which would alert our attention to potential governance issues in companies, and have established appropriate controls to manage exposures in riskier environments. In the coming year, we look forward to a resumption of strong leadership and resolute policy action in China, and the profitable application of a tough year of experience in the portfolio.

Exchange rate movements had an influence on portfolio returns but not as significantly as previous years. After two years of appreciation the New Zealand dollar declined slightly against the US dollar over the last year and this lifted returns on US holdings when their values are converted to New Zealand dollars. The New Zealand dollar also declined slightly against the yen, the Singapore dollar and the Hong Kong dollar. However the ongoing concerns about tensions in the euro zone lead to a 10.7% decline in the euro relative to the New Zealand dollar and this detracted from returns. As these movements suggest, currency movements can be a mixed bag and are dominated by short-term capital flows. Our view is that the New Zealand dollar remains historically high relative to the foreign currencies that we invest in. We believe that, on the balance of probabilities, the company is better placed by holding international equities on an unhedged basis than by introducing hedging at these levels.

Portfolio Update

In the first half of the year we sold our investments in **Hansens Natural** and **Shinko Plantech**, as they achieved full valuations. Additionally **Telvent** and **Hsu Fu Chi** were acquired by larger companies. We exited **Actelion, Okano Valve** and **Midas Holdings** as their respective investment cases became less attractive. During the same period we invested in **Valid Solucoes** in Brazil, **Dolby Laboratories** in the US and **Tom Tailor** and **PSI** in Germany. To date these investments have collectively made a positive contribution to returns and are progressing well.

The portfolio was fairly stable in the second half of the financial year. Since our interim report we added just one company to the portfolio. **Park 24** is a leading Japanese parking business with a solid record of earnings growth and a healthy balance sheet. The company plans an innovative entry into the car hire sector, using its parking lots as distribution points and allowing customers very short-term (as in hours) rental options. In crowded metropolises this may deliver a unique customer solution and first-mover growth advantages.

The passage of new healthcare legislation in the US should prove beneficial for several of our portfolio companies, specifically **Hanger** and **Orthofix**. The related policies mean that a broader range of medical services will be either paid by the government, or reimbursable via health insurance plans. This means our portfolio companies now have much larger

addressable markets, enhancing already encouraging growth prospects.

While still in the US, Microsoft selected **Dolby's** Digital Plus software for Windows 8 on both tablets and PCs. This is one of the catalysts we identified when we initially purchased shares. The market received this news well and the share contributed positively until it suffered weak demand and revenue development through mid 2012. We believe Dolby is a quality company at a difficult point in its markets, and expect it to benefit from a wave of volume growth as consumers replace home electronic devices over 2013 and 2014.

In Europe, both **Stratec** and **Biotest** give reason for optimism. Biotest's core plasma business continues to deliver stable earnings which are expected to improve towards the end of 2012 as a competitor's inventory liquidation terminates. In addition, the company has expansion plans into key emerging markets where it can secure significant price premiums for its products. Its pipeline of products under development received a major vote of confidence when established pharmaceutical company, Abott Laboratories, agreed to partner and fund the later stage trials of a drug it is developing for Rheumatoid Arthritis and Psoriasis. Meanwhile Stratec's reported profits have been negatively affected by record high expenses related to the development of its project pipeline. While the market has been focused on the near-term earnings, we look to the increasing probability of an initiative under development evolving into a major growth opportunity for the company. Stratec is working in partnership with US company Hologic to roll out a new diagnostic system in the US, and as such may benefit further from US regulatory changes which channel resources into diagnostics as a means for reducing the cost of delivering broader healthcare to society. These two key healthcare holdings offer attractive growth options in addition to reliable, profitable and cash generative core businesses.

Lower equity prices often trigger merger and acquisition activity and recently **Tom Tailor** announced the acquisition of Bonita, a German fashion retailer targeting women aged 40+. With the acquisition Tom Tailor triples its store base and earnings, while securing a complimentary brand and a state of the art distribution and logistics system. While we do not underestimate the additional operational complexity the company faces, the management will keep both brands independent and look to generate infrastructure synergies. We are confident that the management team is up to the challenge and look forward to incremental returns that will derive from synergies between the two companies. We view a strong German company with a good track record choosing to acquire another German asset at a bargain price as entirely consistent with our own approach to European investing.

While discussing retailers, **Ports Design** announced their annual results and resumed trading a significant 38% down following a trading halt. The rationale for the halt was that following a rotation of lead auditor at KPMG they needed more time to review certain transactions. The new lead auditor was not comfortable with the controls over and disclosure of these transactions. The resulting adjustments resulted in no change to net profit last year. More broadly recent Chinese consumer data has been less than inspiring, with management of peer companies in the sector demonstrating caution in their commentary. The company's fundamental proposition appears to have changed leading us to review our position.

Horiba is another significant Asian holding and while they are not immune to the macro economic woes in the short-term they are well positioned for a resumption of organic earnings growth over the next few years. The company supplies key emissions testing systems and should benefit as vehicle manufacturers resume spending on research and development in order to meet ever more stringent emissions standards. The company also sells equipment that cleans semi-conductors as they are produced, reducing the amount that are damaged due to contamination. This technology is increasingly important to semi-conductor producers focussed on reducing expenses.

Raffles Education has been a perennial underperformer. We welcome the disposal of non-core assets and a distilling of the company's key businesses into individual value-generating entities.

Fook Woo has yet to release its 2011 interim and annual financial reports, and is still conducting an investigation into a suspected irregularity in controls over cash and the disappearance of accounting records in a subsidiary. This sequence of events

MANAGER'S REPORT CONTINUED

constituted an indication of impairment, compelling us to perform an impairment test on the carrying value of Fook Woo in the fund. After considering the direction of the sector, the estimates of other reputable managers, and a history of the pricing of suspended shares, we estimate that the value of Fook Woo is significantly impaired and as such wrote the investment down by 80% from its last bid price. We remain in dialogue with the company and will update our investment thesis as new information arises.

Hyflux is a long-term holding in the portfolio, and is the global market leader for seawater desalination plant design and construction. Hyflux and their partners were awarded a contract to develop Asia's largest seawater desalination plant in Gujarat, India providing a meaningful underpin to earnings prospects. The company has been short-listed for a tender process for a large project in Oman, which would be a significant win. Recent conversations with management indicate that cash flows are solid, positioning the company well for an expected acceleration in Chinese water-related infrastructure spending. The company continues to buy back its shares in the market, indicating management's perception of value at current share price levels.

Another beneficiary of acceleration in Chinese infrastructure spending is **China Automation Group**. The group continued to experience delays in the expected roll-out of state contracts for the upgrading of railway infrastructure. As new Chinese leadership assumes control into 2013, we expect an acceleration in the roll out of state infrastructure spending. The company has a strong order backlog, is poised to deliver on profitable contracts and continues to enjoy the benefit of a separate petrochemical business which is going well. **Wasion** should similarly benefit from this dynamic as it is a leading supplier of the electricity reading meters that will be critical to replacement and expansion of the Chinese energy infrastructure.

Outlook

We do not foresee short-term solutions to the structural problems which emerged during the GFC and proceeding years. These problems were decades in the making and will take time to resolve. In the US significant policy shifts could follow the November election and the resilience of the US recovery will be tested if the rest of the world does not also start growing. The potential outcomes in Europe are highly variable. A battle for the heart of Europe is underway and it is unlikely to be short or easy. While the developed consuming countries confront these significant challenges, producer countries, notably China, have to cut expenses in the face of falling demand and higher input cost inflation. In short, we foresee a continuation of the significant and unpredictable change in global trade and capital flows which started in 2008, with the associated volatility in equity markets.

However, we do not believe that we are seeing the end of economic growth. We expect that a point of normality will eventually be reached, as it has after each of history's great financial market dislocations. Our strategy is simple; we aim to be invested in a portfolio of strong companies run by reputable managers, in healthy financial positions with solid earnings growth prospects. We look to the long-term to reward the integrity of our investment approach. We are reminded of Warren Buffet's sage dictum, "Investing is simple, but not easy."

Postscript

Since year end, Senior Portfolio Manager Ken Applegate has moved back to the US but has continued to manage the Marlin portfolio via an advisory contract with Fisher Funds. In September 2012 new Portfolio Manager Roger Garrett was appointed and will assume portfolio management responsibilities from 1 October 2012. Roger has been familiarising himself with the portfolio holdings and working with Senior Investment Analyst Manuel Greenland who joined Fisher Funds in the Takapuna office in May 2012. Both Roger and Manuel are experienced investment professionals and have appreciated the opportunity to gradually assume responsibility for the management of the Marlin portfolio with Ken's assistance.

Portfolio Holdings Summary, as at 30 June 2012

Location	Company	% Holding
Brazil	Valid Solucoes	2.5%
China	China Automation Group	2.0%
	Fook Woo	0.6%
	O2 Micro	3.5%
	Ports Design	2.9%
	Travelsky	1.3%
	Wasion Group Holdings	3.4%
Finland	Nokian Tyres	2.5%
France	Gameloft	1.3%
	Zodiac	2.7%
Germany	Biotest	5.5%
	PSI	0.6%
	Qiagen	1.3%
	Stratec Biomedical	4.4%
	Tom Tailor	2.9%
	Wirecard	3.2%
Ireland	Icon	0.9%
Israel	Sarin Technologies	5.0%
Italy	Brembo	2.4%
Japan	Asahi	1.1%
	Horiba	3.6%
	Park 24	1.2%
	Prestige International	2.5%
	Torishima Pump	1.2%
Singapore	Hyflux	2.0%
	Raffles Education	2.7%
United States	Autodesk	2.5%
	Conceptus	3.2%
	Dolby	2.9%
	Equinix	1.4%
	Hanger Orthopedic Group	2.9%
	Orthofix	4.4%
	UFP Technologies	2.7%
	Equity Total	**83.2%**
	New Zealand dollar cash	1.1%
	Total foreign cash	15.7%
	Cash Total	**16.8%**
	Total	**100.0%**

Carmel Fisher
Managing Director
Fisher Funds Management Ltd
5 September 2012

Ken Applegate
Senior Portfolio Manager
Fisher Funds Management Ltd
5 September 2012

Fisher Funds employs a process that it calls STEEPP to analyse existing and new portfolio companies. This analysis gives each company a score against a number of criteria that Fisher Funds believes need to be present in a successful portfolio company. All companies are then ranked according to their STEEPP score to determine how significant their starting weighting within the portfolio will be (or indeed whether they make the grade to be a portfolio company in the first place). The STEEPP criteria are as follows:

S

STRENGTH OF THE BUSINESS

What is the company's competitive advantage? Is it sustainable? Is the company a market leader? Does it have a dominant position? A strong business is one that can maintain its profit margins by employing a unique strategy.

T

TRACK RECORD

How has the company performed in the past? Has the company performed under the same management team? Has it grown organically or by acquisition? How did the company react during a downturn? Fisher Funds prefers to buy established companies that have executed well in the past.

E

EARNINGS HISTORY

How fast has the company been able to grow its earnings in the past? How consistent has earnings growth been? We prefer to buy companies that exhibit secular growth characteristics where they have proven the ability to provide a high or improving return on invested capital.

E

FUTURE EARNINGS GROWTH FORECAST

What is the company's earnings growth forecast over the next one to three years? What is the probability of achieving the forecast? What do we expect the company's earnings potential to be? We notice that too many analysts focus on short-term earnings. As long-term growth investors we think about where the company's earnings could be in three to five years.

P

PEOPLE/MANAGEMENT

Who is the management team and how long have they been in their roles? Who are the directors, what is their history with the company, and what do they bring to the board? What is the depth of management in the organisation and is there a succession plan for the key executive roles? Does the management team own shares in the business and how are they rewarded? Has the board and management exhibited good corporate behaviour in the areas of environmental, social and governance considerations. For us, the quality of the company management and its corporate governance is of paramount importance.

P

PRICE/VALUATION

How much of the future earnings growth is already reflected in the share price? Where does the current share price sit in relation to our worst to best case valuation range? A company will generate a higher score where the market price currently reflects little of that company's upside potential.

Using this STEEPP analysis, we constructed and maintained a portfolio which comprised 33 securities at the end of June 2012.

THE MARLIN GLOBAL PORTFOLIO STOCKS

The following is a brief introduction to each of your portfolio companies, with a description of why we believe they deserve a position in the Marlin portfolio. Total Shareholder Return is for the year to 30 June 2012 and is sourced from Bloomberg. For companies that are new to the portfolio in the year, Total Shareholder Return is from the first purchase date to 30 June 2012.

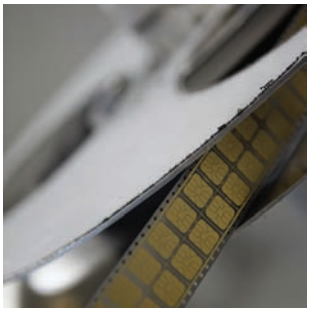
THE MARLIN GLOBAL

VALID SOLUCOES
(Brazil)

What does it do?
Valid are the leading identification solutions and specialised printing company in Brazil.

Why do we own it?
Key contracts are spread amongst government programmes such as driver's licenses, passports, etc., financial institutions and various other commercial applications like RFID (a technology used to electronically track and manage inventory especially important for consumer items). The long-term growth opportunity is open-ended yet the stock remains undiscovered and undervalued.

TOTAL SHAREHOLDER RETURN
53%



CHINA AUTOMATION GROUP
(China)

What does it do?
The leading provider of industrial safety control systems in China. Their products ensure that equipment in factories function correctly and highlight when issues arise.

Why do we own it?
Their end markets of energy, petrochemical and railway have an increased focus on safety regulations by the Chinese government. In addition, upgrading the rail network in China is a big initiative.

TOTAL SHAREHOLDER RETURN
-64%

FOOK WOO
(China)

What does it do?
The largest recovered waste paper collector and recycled tissue paper manufacturer in China. They are the leader in an emerging and fast growing market.

Why do we own it?
With high barriers to entry, thanks to an established collection network and a low cost product offering due to vertical integration.

TOTAL SHAREHOLDER RETURN
-89%*

** includes impairment of the carrying value of Marlin's investment in Fook Woo, as disclosed in Note 6 to the financial statements.*

PORTFOLIO STOCKS

O2 MICRO
(China)

What does it do?
Sells semiconductor chips with their core competencies being power management, advanced lighting (CCFL, LED) and security applications.

Why do we own it?
With a top tier customer list featuring Sony, Apple and HP, the company's strategy is to increase dollar content per device and per customer by cross-selling new innovative products.

TOTAL SHAREHOLDER RETURN
-30%

PORTS DESIGN
(China)

What does it do?
A Chinese high end ladies and men's fashion designer. In addition to their flagship Ports brand they have the rights to sell BMW and Giorgio Armani S.P.A. and are developing their own new brand called P61 aimed at a slightly younger client.

Why do we own it?
With a premium brand and a long history of successful execution this is a company that is poised to continue growing in China and has the potential to develop into a global brand.

TOTAL SHAREHOLDER RETURN
-52%

TRAVELSKY
(China)

What does it do?
Based in Beijing and listed in Hong Kong, Travelsky is the leading information technology provider for China's air travel and tourism industry.

Why do we own it?
Travelsky make money every time an electronic airline ticket is issued and also provide other software and services like departure processing, reservation and inventory control and ticket settlements. In addition, they have been expanding into other travel related areas like hotel, rail and cargo.

TOTAL SHAREHOLDER RETURN
-13%

THE MARLIN GLOBAL

WASION GROUP HOLDINGS
(China)

What does it do?
A leading energy measurement systems provider in China. Their core competency is automated meter readers and data collection terminals for the gas, electricity and water industries.

Why do we own it?
The Chinese government has committed to upgrading the electricity grid over the next five years with automated meter reading being a key initiative.

TOTAL SHAREHOLDER RETURN
-10%

NOKIAN TYRES
(Finland)

What does it do?
Manufactures and markets high end performance and winter tyres in Scandinavia and Russia where harsh winter conditions require most cars to have alternate sets of summer and winter tyres.

Why do we own it?
In addition to increased penetration in its core market in northern Europe, the company is benefiting from increased wealth in Russia and Ukraine where there is a rapid growth in car registrations, especially in the premium segment where Nokian is the market leader. Nokian maintains a large advantage over global competitors by producing locally in Russia to avoid import tariffs.

TOTAL SHAREHOLDER RETURN
-20%

GAMELOFT
(France)

What does it do?
Has developed and published more than 200 video games for mobile phones and other electronic devices.

Why do we own it?
With a combination of its own proprietary and licensed content they should continue to gain penetration with mobile customers around the world. The company is currently developing games for the new generation of mobile phones as well as the iPod and iPhone which will continue to drive its growth.

TOTAL SHAREHOLDER RETURN
-12%

PORTFOLIO STOCKS

ZODIAC
(France)

What does it do?
A leading supplier of aeronautical equipment for airplanes in three main segments; cabin interiors, aircraft systems and aero safety and technology.

Why do we own it?
As the global market leader in more than two-thirds of the products and systems they sell they are well poised to benefit from increased content per plane on new programmes such as Boeing 787 and Airbus A380 and A350.

TOTAL SHAREHOLDER RETURN
22%

BIOTEST
(Germany)

What does it do?
Biotest is a pharmaceutical and diagnostic company based in Germany that specialises in processing blood and extracting plasma for use in the treatment of diseases.

Why do we own it?
They are a market leader in Europe that has recently expanded into the US.

TOTAL SHAREHOLDER RETURN
-31%

PSI
(Germany)

What does it do?
A leading supplier of control systems and software solutions for the utilities and the energy industry.

Why do we own it?
They are a market leader in Germany where they are based and they continue to expand globally.

TOTAL SHAREHOLDER RETURN
-8%

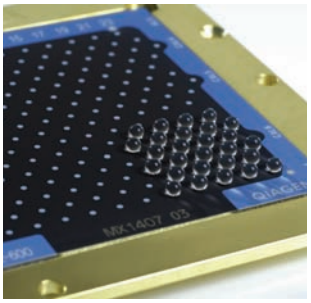
THE MARLIN GLOBAL

QIAGEN
(Germany)

What does it do?
Qiagen is the leading provider of sample and assay tests for the healthcare market. The company realises almost 90% of its sales from consumable products which are recurring and high margin.

Why do we own it?
In addition to a stable core business they have been increasingly focusing on the women's health segment and have the leading test for HPV. This test for early detection of cervical cancer is becoming more widely accepted and used around the world.

TOTAL SHAREHOLDER RETURN
-9%

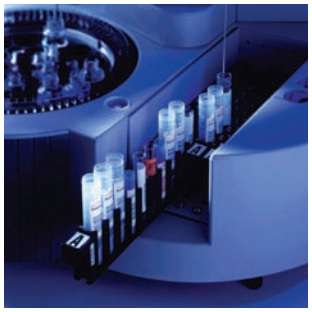


STRATEC BIOMEDICAL
(Germany)

What does it do?
Designs, develops and produces fully automated systems for partners in clinical diagnostics and biotechnology.

Why do we own it?
The company's competitive advantage lies in its technology which enables manual laboratory techniques to be transformed into automated processes. The company accelerates time to market for its clients and allows them to devote resources to their core business of developing tests.

TOTAL SHAREHOLDER RETURN
5%



TOM TAILOR
(Germany)

What does it do?
Tom Tailor is a Germany-based branded fashion retailer with both its own branded retail network of stores along with a global wholesale business. The two main brands are Tom Tailor Casual and Tom Tailor Denim. They currently have about 215 of their own retail stores (70% of which are based in Germany), 155 franchise stores and over 1,500 controlled wholesale points of sale (shop-in-shops). Tom Tailor recently acquired women's fashion retailer Bonita, adding a complimentary brand and significant store network to its business.

Why do we own it?
Weak stock price action, which we believe was driven primarily by macro-economic concerns, gave us an opportunity to buy shares in this high quality company. Our research indicates continued strong fundamentals and an exciting long-term growth strategy.

TOTAL SHAREHOLDER RETURN
6%

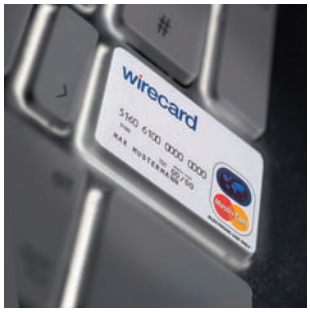
PORTFOLIO STOCKS

WIRECARD
(Germany)

What does it do?
Wirecard is one of the main payment processors for internet transactions in Europe.

Why do we own it?
The company charges a transaction fee every time someone buys or sells something on the internet from a Wirecard customer. They recently launched their own virtual credit card (a prepaid MasterCard) which is a big opportunity as credit card penetration in Europe is still relatively low.

TOTAL SHAREHOLDER RETURN
15%



ICON
(Ireland)

What does it do?
Known as a contract research organisation (CRO), Icon provides specialised services in clinical trial management for pharmaceutical and biotechnology companies.

Why do we own it?
The increasing complexity and regulatory requirements of clinical trial management are forcing pharmaceutical and biotechnology companies all over the world to seek the help of specialist CRO's such as Icon. Icon's global footprint and broad strengths in clinical management make them one of only a few companies qualified to provide these services. Growth is being driven by this increased shift to outsourcing, the increase in drugs being tested and larger trials required by regulatory bodies such as the FDA.

TOTAL SHAREHOLDER RETURN
-1%

SARIN TECHNOLOGIES
(Israel)

What does it do?
The worldwide market leader in providing equipment and tools for the diamond industry. Sarin's products are used to grade, cut and optimise the value of diamonds.

Why do we own it?
They recently commercialised a revolutionary product for inclusion mapping (precisely identifies blemishes to maximise the value of a diamond). This is transforming the growth profile of the company.

TOTAL SHAREHOLDER RETURN
58%

THE MARLIN GLOBAL

BREMBO
(Italy)

What does it do?
Based in Italy, Brembo is a global leader in high performance braking systems. The majority of sales come from high end cars (customers include Ferrari, Audi, Porsche, Mercedes-Benz) and motorcycles (customers include Ducati and Harley Davidson).

Why do we own it?
As the global leader in their industry they have the ability to increase penetration with existing customers and sign up new customers around the world.

TOTAL SHAREHOLDER RETURN
-26%

ASAHI
(Japan)

What does it do?
Japan's leading bicycle retailer.

Why do we own it?
Besides having a unique offering at their retail outlets they also have their own private brands which now comprise more than 50% of sales (and possess higher margins). They currently have 215 stores throughout Japan and will continue to grow the number of stores towards 500 in years to come.

TOTAL SHAREHOLDER RETURN
-8%

HORIBA
(Japan)

What does it do?
Manufactures and markets analytical instruments and systems focused on the automotive, analytical, medical and semiconductor markets.

Why do we own it?
In each segment they operate in niche markets where they have high market share. The company has excellent long-term growth prospects, in particular in the automotive emissions testing and medical areas.

TOTAL SHAREHOLDER RETURN
13%

PORTFOLIO STOCKS

PARK 24
(Japan)

What does it do?
Park 24 is a leading Japanese car park business which has also in recent years entered the car sharing business catering to increasing numbers of people looking to reduce the cost of car ownership.

Why do we own it?
The company has done an exceptional job growing profits in 14 of the last 15 years and over that time profits have increased nine-fold. The car sharing business adds another leg of growth to an already strong outlook for the company.

TOTAL SHAREHOLDER RETURN
15%

PRESTIGE INTERNATIONAL
(Japan)

What does it do?
A leading business process outsourcing company in Japan that specialises in roadside assistance and insurance assistance.

Why do we own it?
They operate in a niche segment of the market where they are the dominant provider. The company has consistently grown revenues and profits in the past and plans to double the business over the next three to five years yet is trading at a bargain basement valuation.

TOTAL SHAREHOLDER RETURN
28%

TORISHIMA PUMP
(Japan)

What does it do?
Torishima Pump is a leading supplier of specialised pumps for water desalination, water sewerage and power plants.

Since year end, we have sold our investment in Torishima Pump.

TOTAL SHAREHOLDER RETURN
-35%

THE MARLIN GLOBAL

HYFLUX
(Singapore)

What does it do?
Hyflux is one of Asia's largest water treatment and environmental solution companies.

Why do we own it?
A prime beneficiary of the increasing need to "clean up" Asia's pollution problem. Hyflux has a successful track record of winning and executing projects throughout Asia.

TOTAL SHAREHOLDER RETURN
-31%

RAFFLES EDUCATION
(Singapore)

What does it do?
Asia's premier for-profit education provider, offering core programmes in design and business management.

Why do we own it?
The emerging middle class combined with the high priority of education in many Asian cultures creates a strong demand dynamic. Students have the advantage of studying at any of the Raffles facilities located around the Asia Pacific region, including New Zealand.

TOTAL SHAREHOLDER RETURN
-21%

AUTODESK
(US)

What does it do?
A leading design software and services company. The company develops computer-aided design and simulation solutions for customers in the manufacturing, building and infrastructure markets and digital video tools for the media market.

Why do we own it?
With a well-established distribution network and a large installed base they have the opportunity to further penetrate customers with new products and continue to broaden their product suite. In addition, non US sales will become a bigger growth driver in the future.

TOTAL SHAREHOLDER RETURN
-7%

PORTFOLIO STOCKS

CONCEPTUS
(US)

What does it do?
Sells and manufactures an innovative device used for permanent birth control which does not require surgery.

Since year end, we have sold our investment in Conceptus.

TOTAL SHAREHOLDER RETURN
75%

DOLBY
(US)

What does it do?
Global market leader in audio solutions for consumer electronic applications.

Why do we own it?
Dolby is a high quality business with a rock solid balance sheet and strong cash flow generation. Dolby has been included as the audio standard in Windows 8 and will benefit from home entertainment product replacement going forward.

TOTAL SHAREHOLDER RETURN
41%

EQUINIX
(US)

What does it do?
A global internet infrastructure company that manages network neutral data centres and co-location services.

Why do we own it?
Equinix is the largest and most successful data centre provider in the US with operations in 18 key markets around the world. Equinix is positioning to become the global leader in this structural growth industry.

TOTAL SHAREHOLDER RETURN
79%

THE MARLIN GLOBAL PORTFOLIO STOCKS

HANGER ORTHOPEDIC GROUP
(US)

What does it do?
Hanger is the largest owner and operator of orthotic and prosthetic patient-care centres and they are the largest distributor of O&P devices and components in the US.

Why do we own it?
In addition to continued growth in their core market, Hanger has a new product called WalkAide which could potentially transform the growth profile of the company.

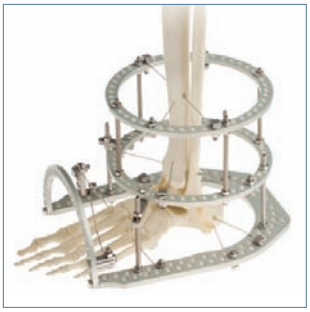
TOTAL SHAREHOLDER RETURN
8%

ORTHOFIX
(US)

What does it do?
A US based medical device company which offers a broad line of surgical and non-surgical products for the spine, orthopaedic and sports medicine market.

Why do we own it?
They have a strong leadership position in several specialised markets given superior product and distribution capabilities. They are expanding their leadership position with new product introductions which should propel earnings growth for years to come.

TOTAL SHAREHOLDER RETURN
0%



UFP TECHNOLOGIES
(US)

What does it do?
A US based custom converter of foams and plastics. They design and manufacture engineered packaging utilising molded and fabricated foam plastic products and vacuum formed plastics serving end markets such as medical, electronics and consumer.

Why do we own it?
This is a classic example of an industry leading business that is undiscovered by most investors. We have identified numerous catalysts that could lead to discovery and a re-rating of shares higher.

TOTAL SHAREHOLDER RETURN
-8%

BOARD OF DIRECTORS

ALISTAIR RYAN MComm (Hons), CA

Chairman (from 1 September 2012)

Alistair Ryan has extensive corporate and finance sector experience in the listed company sector in New Zealand and Australia. Over a 16 year career with SKYCITY Entertainment Group Limited (from pre-opening and pre-listing in 1996 through 2011), Alistair was a member of the senior executive team, holding the positions of General Manager Corporate, Company Secretary and Chief Financial Officer, and has served as a director of various SKYCITY subsidiary and associated companies. Prior to SKYCITY, Alistair was a Corporate Services Partner with international accounting firm Ernst & Young, based in Auckland. Alistair is a qualified Master of Commerce (Honours) from Canterbury University and is a member of the Institute of Chartered Accountants New Zealand and the New Zealand Institute of Company Secretaries. Alistair is also a director of Kingfish, Barramundi, The New Zealand Racing Board and Metlifecare. Alistair's principal place of residence is Auckland.

MARK TODD LLB (Hons)

Independent Director

Mark is a solicitor with a Bachelor of Laws from Canterbury University. He practises as a partner with law firm Bell Gully. Mark has specialised in advising on investment products for over 15 years and during that time has been actively involved in industry affairs. He has a keen interest in investment matters and is a regular attendee at annual general meetings of Warren Buffett's Berkshire Hathaway Inc. in Omaha, Nebraska. Mark is also a director of Kingfish and Barramundi. His principal place of residence is Auckland.

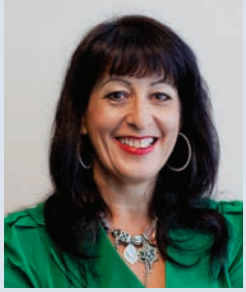
CAROL CAMPBELL BCom, CA

Independent Director

Carol is a Chartered Accountant and a member of the New Zealand Institute of Chartered Accountants. Carol spent over 25 years as a partner at Ernst & Young where she was a valued and respected member of the management team. Carol was one of 10 partners in the Entrepreneurial Services Group, advising small to medium-sized businesses and was instrumental in launching Ernst & Young Entrepreneur of the Year Award in 1996. Carol has extensive financial experience and a sound understanding of efficient Board governance. Carol holds a number of directorships across a broad spectrum of companies, including Turners and Growers, New Zealand Post and The Business Advisory Group (in which she is a joint owner). Carol is also a director of Kingfish and Barramundi. Carol's principal place of residence is Auckland.

CARMEL FISHER BCA

Executive Director



Carmel established Fisher Funds Management Limited in 1998 and is also a director of Kingfish and Barramundi. Carmel's interest and involvement in the New Zealand sharemarket spans more than 20 years. Carmel is widely recognised as New Zealand's pre-eminent small cap expert. Carmel's career started when she left Victoria University with an accounting degree to spend four years in the sharebroking industry. She then managed funds for Prudential Portfolio Managers NZ Limited and Sovereign Asset Management Limited before launching Fisher Funds. Carmel's principal place of residence is Auckland and she can be contacted at Marlin's registered office.

CORPORATE GOVERNANCE STATEMENT

The Board of Directors ("the Board") of Marlin Global Limited ("Marlin" or "the company") is committed to strong corporate governance practices and has adopted a comprehensive corporate governance code. The Board believes that the corporate governance structures and practices must encourage the creation of value for Marlin shareholders whilst ensuring the highest standards of ethical conduct and providing accountability and control systems commensurate with the risks involved.

This code meets the required corporate governance principles under the NZX Corporate Governance ("NZXCG") Best Practice Code and the Corporate Governance Principles and Guidelines issued by the Securities Commission (now the Financial Markets Authority).

Compliance

Marlin seeks to follow the best practice recommendations for listed companies to the extent that it is appropriate to the size and nature of its operations. The company considers that its governance practices complied with the NZXCG Best Practice Code and the Securities Commission Corporate Governance Principles and Guidelines in its entirety during the year ended 30 June 2012. The following reports against these principles and guidelines.

The company's constitution, the Board and committee charters, codes and policies referred to in this section are available to view at www.marlin.co.nz.

Principle 1 – Ethical Standards

Directors observe and foster high ethical standards.

Marlin has adopted policies of business conduct that provide all directors and representatives with clear guidance on those standards.

The **Code of Ethics** details the ethical and professional behavioural standards required of the directors and officers. The code also provides the means for proactively addressing and resolving potential ethical issues.

The **Conflicts of Interests Policy** details the process to be adopted for identifying conflicts of interests and the actions that should be taken.

The **Insider Trading Policy** details the procedure whereby persons nominated by Marlin (its directors and persons associated with the Manager) may trade in Marlin shares and take up shares purchased under the Marlin dividend reinvestment plan. Nominated persons may not trade in Marlin shares when they have price sensitive information that is not publicly available. In addition, except where the nominated person has the permission of the Board, the nominated person may trade in the company shares only during the trading window commencing immediately after Marlin's weekly disclosure of its net asset value ("NAV") to the New Zealand Exchange, ("NZX") and ending at the close of trade two days following the NAV disclosure.

No breaches of ethics principles were identified during the year.

A copy of the complete Code of Ethics, Conflicts of Interests Policy and the Insider Trading Policy are available to view at www.marlin.co.nz.

Principle 2 – Board Composition and Performance

There is a balance of independence, skills, knowledge, experience and perspective among directors that allows the Board to work effectively.

Board Size and Composition

The NZX Listing Rules require a minimum of three directors with at least two of the directors being ordinarily resident in New Zealand. The composition of the Board must include a minimum number of two independent directors. The Board currently comprises three independent directors including the Chairman and one director who is not deemed to be independent due to also being a director of Fisher Funds.

The Board elects a Chairman whose primary responsibility is the efficient functioning of the Board.

Profiles of the individual directors can be found on page 25.

Director Independence

Marlin retains a separate Board of Directors from the Manager. The Board ensures that shareholders' interests are held paramount.

The Board considers that all directors, other than Carmel Fisher, are independent in terms of the NZX definition.

On appointment, each director is required to provide information to the Board to assess and confirm their independence as part of their consent to act as a director. Directors have undertaken to inform the Board as soon as practicable if they think their status as an independent director has or may have changed.

Board Role and Responsibility

The Board is responsible for the direction and control of Marlin and is accountable to shareholders and others for Marlin's performance and its compliance with the appropriate laws and standards.

Marlin offers shareholders a highly experienced Board with financial markets experience and strengths in funds management and corporate governance.

The Board's responsibilities include:

- Manager's performance – regularly review both the performance of and contractual arrangements with the Manager;
- capital management – implementing initiatives including share buybacks if it is in the opinion of the Board that the value of the shares do not appropriately reflect the underlying asset value;
- determining dividend policy;
- Board performance and composition – evaluating the performance of independent directors, determining the size and composition of the Board as well as making recommendations for the appointment and removal of directors;
- succession planning – planning Board succession;
- financial performance – approving the annual budget and monitoring financial performance;
- financial reporting – considering and approving the annual and half-year financial reports;
- audit – selecting and recommending to shareholders the appointment of the external auditor. Maintaining a direct and ongoing dialogue with the external auditor;
- risk management – identifying the principal risks faced by the company and ensuring that appropriate control and monitoring systems are in place to manage the impact of these risks;
- overseeing communication and reporting to shareholders;
- relationship with regulators, NZX and continuous disclosure – maintaining ongoing dialogue with the NZX;
- custodian – appointing a custodian to safeguard the company's assets. Trustees Executors Limited is the custodian of Marlin's assets;
- other service providers – appointing other service providers and evaluating their performance.

The Board met six times during the year and received papers, including regular reports from the Chief Financial Officer and the Manager, to read and consider before each meeting. At all times, the Board is provided with accurate timely information on all aspects of Marlin operations. The Board is kept informed of key risks to Marlin on a continuing basis. In addition the Board meets whenever necessary to deal with specific matters needing attention between

CORPORATE GOVERNANCE STATEMENT CONTINUED

the scheduled meetings and the independent directors meet as required.

Board Members	Meetings Attended/ (Scheduled)	
Alistair Ryan *(appointed 10 February 2012)*	2	(2)
Mark Todd	5	(6)
Carol Campbell *(appointed 5 June 2012)*	0	(0)
Carmel Fisher	6	(6)
James Miller *(retired 31 August 2012)*	6	(6)
Annabel Cotton *(retired 28 May 2012)*	5	(5)
Meetings Held	**6**	**(6)**

The Manager's responsibilities as stated in the Management Agreement include:

- the provision of management services to the company such as the investment and portfolio management services and administrative services;
- dealing with the Custodian; and
- attendance at Marlin Board meetings.

The Manager is to at all times invest the portfolio on a prudent and commercial basis consistent with the company's investment criteria and performance objectives.

While the Board's key role is to monitor the performance of the Manager, it is not involved in the selection or management of investments within the Marlin portfolio.

Retirement and Re-election of Directors
In accordance with the company's constitution one third, or the number nearest to one third, of the directors (excluding any director appointed since the previous Annual Shareholders Meeting ["ASM"]) retire by rotation at the ASM.

Appropriate notice of director nominations has been provided in accordance with the requirements of the NZX, the Marlin constitution and the Companies Act 1993.

Board Performance Review
The Board conducts a formal review of its performance annually.

The Remuneration and Nominations Committee, occasionally with the assistance of an appropriate external adviser, assesses the performance of individual directors whilst directors also assess the collective performance of the Board and the performance of the Chairman.

Principle 3 – Board Committees

The Board uses committees where this enhances effectiveness in key areas while retaining Board responsibility.

Audit and Risk Committee
The Marlin Audit and Risk Committee focuses on audit and risk management and specifically addresses responsibilities relative to financial reporting and regulatory conformance.
The Committee operates within the terms of reference established by the Marlin Board, which the Committee reviews annually.

The Audit and Risk Committee is accountable for ensuring the performance and independence of the external auditor – PricewaterhouseCoopers ("PwC"). A statement regarding PwC's independence is included in their Auditor's and Accountants' Reports.

The Audit and Risk Committee also recommends to the Board which services other than the statutory audit, may be provided by PwC as auditor.

During the year, the Committee held private sessions with the auditor. The auditor has a clear line of direct communication at any time with either the Chair of the Audit and Risk Committee or the Chairman of the Board, both of whom are independent directors.

The Audit and Risk Committee relies on information provided by management and the external auditor. Management determines and makes representations to the Board that the company's financial statements and disclosures are complete and accurate. The external auditor has the duty to plan and conduct audits.

The Audit and Risk Committee comprises Carol Campbell (Chair from 31 August 2012), Alistair Ryan and Mark Todd who have appropriate financial experience and an understanding of the industry in which Marlin operates. Meetings are held not less than twice a year having regard to Marlin's reporting and audit cycle.

Audit and Risk Committee Members	Meetings Attended/ (Scheduled)	
Alistair Ryan *(appointed 10 February 2012)*	0	(1)
Mark Todd	2	(2)
Carol Campbell *(appointed 5 June 2012)*	0	(0)
James Miller *(retired 31 August 2012)*	1	(2)
Annabel Cotton *(retired 28 May 2012)*	2	(2)
Meetings Held	**2**	**(2)**

The Audit and Risk Committee may have in attendance such members of management including the Marlin Chief Financial Officer, a representative from the Manager, and such other persons including the external auditor, as it considers necessary to provide appropriate information and explanations.

A copy of the Audit and Risk Committee Charter is available to view at www.marlin.co.nz.

Remuneration and Nominations Committee
The Remuneration and Nominations Committee was constituted on 29 February 2012 and comprises Alistair Ryan, Mark Todd, Carol Campbell and Carmel Fisher. The Committee meets at least once per year.

The Board's Remuneration and Nominations Committee has a formal charter which can be found on the company's website. Each Committee member, other than Carmel Fisher, is independent.

Independent directors receive fees determined by the Board on the recommendation of the Remuneration and Nominations Committee. Each year the Remuneration and Nominations Committee reviews the level of directors' remuneration. The Committee considers the skills, performance, experience and level of responsibility of directors when undertaking the review, and is authorised to obtain independent advice on market conditions.

The Committee makes recommendations on the appropriate levels of remuneration to the Board for approval.

Principle 4 – Reporting and Disclosure

The Board demands integrity both in financial reporting and in the timeliness and balance of disclosures on entity affairs.

Timely and Balanced Disclosure
The company is committed to promoting investor confidence by providing complete and equal access to information in accordance with the NZX Listing Rules. The company has a Continuous Disclosure Policy designed to ensure this occurs. That policy can be found on the company website.

The Chief Financial Officer is the company's market disclosure officer, and is responsible for ensuring compliance with its disclosure obligations. The Board is accountable for making the final decision as to whether or not information requires disclosure.

The Chief Financial Officer is responsible for releasing any relevant information to the market once that has been approved. Financial information released is approved by the Board on the recommendation of the Audit and Risk Committee, while information released on other matters is approved by the Board.

Directors formally consider at each Board meeting whether there is relevant material information which should be disclosed to the market.

Financial Reporting
The Audit and Risk Committee oversees the quality and integrity of external financial reporting including the accuracy, completeness and timeliness of financial statements.

It reviews half-yearly and annual financial statements and makes recommendations to the Board concerning accounting policies, areas of judgement, compliance with accounting standards, stock exchange and legal requirements and the results of the external audit.

The Chief Financial Officer is responsible for ensuring compliance with the NZX continuous disclosure requirements and overseeing and co-ordinating disclosure to the exchange.

Principle 5 – Remuneration

The remuneration of directors and executives is transparent, fair and reasonable.

Independent Directors' Remuneration
The fees payable to independent directors are determined by the Board within the aggregate amount approved by shareholders. The current directors' fee pool limit of $120,000 was approved by shareholders' written resolution in September 2007.

CORPORATE GOVERNANCE STATEMENT CONTINUED

Details of remuneration paid to directors are disclosed in Note 1 to the financial statements and are further disclosed in the Statutory Information section of this report.

Share Purchase Plan
A Share Purchase Plan was introduced by the Board on 29 February 2012 and states that all independent directors will receive company shares in lieu of 10% of their annual directors' fees. Once an individual shareholding reaches 50,000 shares, the independent director can elect whether to continue with the plan. The intention of the Share Purchase Plan is to further align the interests of directors with those of shareholders.

Principle 6 – Risk Management and Internal Control

The Board regularly verifies that the entity has appropriate processes that identify and manage potential and relevant risks.

The Board has overall responsibility for Marlin's system of risk management and internal control. Marlin has in place policies and procedures to identify areas of significant business risk and implement procedures to manage effectively those risks. Key risk management tools used by Marlin include the Audit and Risk Committee function, outsourcing of certain functions to service providers, internal controls, financial and compliance reporting procedures and processes, business continuity planning and insurance.

A copy of the complete Risk Management Policy is available to view at www.marlin.co.nz.

In addition to the company's policies and procedures in place to manage business risks, the Manager has its own comprehensive risk management policy. The Marlin Board is informed of any changes to the Manager's policy.

Principle 7 – Auditors

The Board ensures the quality and independence of the external audit process.

Approach to Audit Governance
The independence of the external auditor is of particular importance to shareholders and the Board. The Audit and Risk Committee is responsible for overseeing the external audit of the company. Accordingly, it monitors developments in the areas of audit, and threats to audit independence, to ensure its policies and practices are consistent with emerging best practice in these areas.

As part of its responsibilities, the Audit and Risk Committee reviews the independence of external auditors and the appropriateness of any non-audit services they undertake for the company.

Engagement of the External Auditor
Marlin's external auditor is PwC who were appointed by shareholders at the 2008 annual meeting in accordance with the provisions of the Companies Act 1993 ("the Act"). PwC is automatically reappointed as auditor under Section 200 of the Act.

Attendance at the Annual Meeting
PwC, as external auditor of the 2012 financial statements, is invited to attend this year's annual meeting and will be available to answer questions about the conduct of the audit, preparation and content of the auditor's report, accounting policies adopted by Marlin and the independence of the auditor in relation to the conduct of the audit.

Principle 8 – Shareholder Relations

The Board fosters constructive relationships with shareholders that encourage them to engage with the company.

The Board recognises the importance of providing to shareholders comprehensive, timely and equal access to information about its activities. The Board aims to ensure that shareholders have available to them all information necessary to assess the company's performance. It has a system in place for canvassing shareholder views and for communicating the Board's views to shareholders.

Alongside periodic and continuous disclosure to NZX, Marlin maintains a website www.marlin.co.nz including making available the most recent NAV that is released to the NZX on a weekly basis and at the end of each month, corporate governance policies, shareholder reports, market announcements, copies of ASM minutes, presentations, press releases and news articles as well as performance data.

Information is also communicated to shareholders in the Annual and Interim Reports and the Quarter *Update* newsletter which is published between these two reports.

The release of the Annual Report is followed by the ASM which the Board recognises as an important forum at which the shareholders can meet and question the Board and the Manager. The notice of meeting is circulated at least 10 days prior to the meeting and is also posted on the company's website. Shareholders are provided with notes on any resolutions proposed through the notice of meeting each year. The Board holds the ASM at a time and venue that is considered convenient to the greatest number of its shareholders. This year's meeting will be held on 1 November 2012, 10.30am at the Ellerslie Event Centre in Auckland. Full participation of shareholders is encouraged at the ASM to ensure a high level of accountability and identification with the company's strategies and goals. Shareholders are encouraged to submit questions in writing prior to the meeting.

Principle 9 – Stakeholder Interests

The Board respects the interests of stakeholders within the context of the company's ownership type and its fundamental purpose.

The Board recognises that other stakeholders may have an interest in the company's activities. While there are no specific stakeholders' interests that are currently identifiable, the company will continue to review policies in consideration of future interests.

DIRECTORS' STATEMENT OF RESPONSIBILITY

For the year ended 30 June 2012

We have pleasure in presenting the financial statements for Marlin Global Limited for the year ended 30 June 2012.

We have ensured that the financial statements for Marlin Global Limited give a true and fair view of the financial position of the company as at 30 June 2012 and its financial performance and cash flows for the year ended on that date.

We have ensured that the accounting policies used by the company comply with generally accepted accounting practice in New Zealand and believe that proper accounting records have been kept. We have ensured compliance of the financial statements with the Financial Reporting Act 1993.

We also consider that adequate controls are in place to safeguard the company's assets and to prevent and detect fraud and other irregularities.

The Marlin Global Board authorised these financial statements for issue on 28 August 2012.

James Miller

Alistair Ryan

Mark Todd

Carol Campbell

Carmel Fisher

FINANCIAL STATEMENTS CONTENTS

MARLIN GLOBAL LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2012

	NOTES	2012 $000	2011 $000
Interest income		42	36
Dividend income		1,444	1,229
Other income	1(i)	769	(1,101)
Net changes in fair value of financial assets	1(ii)	(11,567)	10,794
Total net income		**(9,312)**	**10,958**
Operating expenses	1(iii)	(1,747)	(2,867)
Operating (loss)/profit before tax		**(11,059)**	**8,091**
Total tax expense	3(i)	(916)	(402)
Net operating (loss)/profit after tax attributable to shareholders		**(11,975)**	**7,689**
Other comprehensive income		**0**	**0**
Total comprehensive (loss)/income after tax attributable to shareholders		**(11,975)**	**7,689**
Earnings per share			
Basic and diluted earnings per share			
(Loss)/profit attributable to owners of the company ($000)		*(11,975)*	*7,689*
Weighted average number of ordinary shares on issue net of treasury stock ('000)		*103,465*	*100,414*
		(11.57c)	***7.66c***

The Statement of Accounting Policies set out on pages 39 to 42 and the Notes to the Financial Statements set out on pages 43 to 52 should be read in conjunction with this Statement of Comprehensive Income.

MARLIN GLOBAL LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2012

		ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY		
	NOTES	SHARE CAPITAL $000	RETAINED EARNINGS/ (ACCUMULATED DEFICITS) $000	TOTAL EQUITY $000
Balance at 1 July 2010		**96,796**	**9,588**	**106,384**
Comprehensive income				
Profit for the year		0	7,689	7,689
Other comprehensive income		0	0	0
Total comprehensive income for the year ended 30 June 2011		**0**	**7,689**	**7,689**
Transactions with owners				
Shares issued for warrants exercised	2	787	0	787
Share buybacks	2	(1,175)	0	(1,175)
Dividends paid		0	(8,678)	(8,678)
Dividends reinvested	2	3,126	0	3,126
Share placements	2	394	0	394
Balance at 30 June 2011		**99,928**	**8,599**	**108,527**
Comprehensive income				
Loss for the year		0	(11,975)	(11,975)
Other comprehensive income		0	0	0
Total comprehensive loss for the year ended 30 June 2012		**0**	**(11,975)**	**(11,975)**
Transactions with owners				
Share buybacks	2	(687)	0	(687)
Dividends paid		0	(7,660)	(7,660)
Dividends reinvested	2	3,013	0	3,013
Balance at 30 June 2012		**102,254**	**(11,036)**	**91,218**

The Statement of Accounting Policies set out on pages 39 to 42 and the Notes to the Financial Statements set out on pages 43 to 52 should be read in conjunction with this Statement of Changes in Equity.

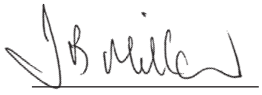
MARLIN GLOBAL LIMITED

STATEMENT OF FINANCIAL POSITION

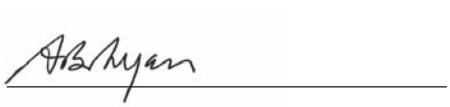
AS AT 30 JUNE 2012

	NOTES	2012 $000	2011 $000
ASSETS			
Current Assets			
Cash and cash equivalents		15,095	14,411
Trade and other receivables	4	695	114
Current tax receivable	3(ii)	0	338
Investments at fair value through profit or loss	6	75,726	96,532
Total Current Assets		**91,516**	**111,395**
TOTAL ASSETS		**91,516**	**111,395**
LIABILITIES			
Current Liabilities			
Trade and other payables	5	177	2,868
Current tax payable	3(ii)	121	0
Total Current Liabilities		**298**	**2,868**
TOTAL LIABILITIES		**298**	**2,868**
EQUITY			
Share capital	2	102,254	99,928
(Accumulated deficits)/retained earnings		(11,036)	8,599
Total Equity		**91,218**	**108,527**
Total Equity and Liabilities		**91,516**	**111,395**

These financial statements have been authorised for issue for and on behalf of the Board by:



J B Miller - *Chairman*
28 August 2012



A B Ryan - *Chair of the Audit and Risk Committee*
28 August 2012

The Statement of Accounting Policies set out on pages 39 to 42 and the Notes to the Financial Statements set out on pages 43 to 52 should be read in conjunction with this Statement of Financial Position.

MARLIN GLOBAL LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2012

	2012 $000	2011 $000
Operating Activities		
Cash was provided from:		
- Sale of investments	34,388	59,929
- Interest received	43	35
- Dividends received	1,379	1,238
- Other income	349	(385)
Cash was applied to:		
- Purchase of investments	(27,665)	(50,254)
- Operating expenses	(2,447)	(3,563)
- Taxes paid	(457)	(632)
Net cash inflows from operating activities	**5,590**	**6,368**
Financing Activities		
Cash was provided from:		
- Proceeds from placements and warrants exercised	0	1,180
Cash was applied to:		
- Share buybacks	(687)	(1,175)
- Dividends paid (net of dividends reinvested)	(4,647)	(5,552)
Net cash outflows from financing activities	**(5,334)**	**(5,547)**
Net increase in cash and cash equivalents held	**256**	**821**
Cash and cash equivalents at beginning of the year	14,411	14,329
Effects of foreign currency translation on cash balance	428	(739)
Cash and cash equivalents at end of the year	**15,095**	**14,411**

All cash balances comprise short-term cash deposits.

The Statement of Accounting Policies set out on pages 39 to 42 and the Notes to the Financial Statements set out on pages 43 to 52 should be read in conjunction with this Statement of Cash Flows.

MARLIN GLOBAL LIMITED

STATEMENT OF CASH FLOWS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2012

	2012 $000	2011 $000
Reconciliation of operating (loss)/profit after tax to net cash flows from operating activities		
Net (loss)/profit after tax	**(11,975)**	**7,689**
Items not involving cash flows:		
- Unrealised (gain)/loss on cash and cash equivalents	(428)	739
- Unrealised loss/(gain) on investments	12,788	(1,043)
	12,360	**(304)**
Impact of changes in working capital items		
Decrease in fees and other payables	(2,691)	(1,853)
(Increase)/decrease in interest, dividends and other receivables	(581)	341
Decrease/(increase) in current tax receivable	459	(230)
	(2,813)	**(1,742)**
Items relating to investments		
Net amount received from investments	6,723	9,675
Realised gains on investments	(1,221)	(9,770)
Decrease in unsettled purchases of investments	2,516	1,159
Decrease in unsettled sales of investments	0	(339)
	8,018	**725**
Net cash inflows from operating activities	**5,590**	**6,368**

The Statement of Accounting Policies set out on pages 39 to 42 and the Notes to the Financial Statements set out on pages 43 to 52 should be read in conjunction with this Statement of Cash Flows.

STATEMENT OF ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 JUNE 2012

General Information

Entity Reporting

The financial statements for Marlin Global Limited ("Marlin" or "the company") have been prepared in accordance with the requirements of the Financial Reporting Act 1993 and the Companies Act 1993.

Legal Form & Domicile

Marlin is incorporated and domiciled in New Zealand.

The company is a limited liability company, incorporated under the Companies Act 1993 on 6 September 2007.

Marlin is listed on the NZX and is an issuer under the terms of the Financial Reporting Act 1993.

The company is a profit-oriented entity and began operating as a listed investment company on 1 November 2007.

The company's registered office is Level 1, 67-73 Hurstmere Road, Takapuna, Auckland.

Authorisation of Financial Statements

The Marlin Board of Directors authorised these financial statements for issue on 28 August 2012.

No party may change these financial statements after their issue.

Accounting Policies

Period Covered by Financial Statements

These financial statements cover the audited results from operations for the year ended 30 June 2012.

Statement of Compliance

The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP"), the Companies Act 1993 and the Financial Reporting Act 1993. They comply with the New Zealand Equivalents to Financial Reporting Standards ("NZ IFRS") and other applicable Financial Reporting Standards, as appropriate. These financial statements comply with International Financial Reporting Standards ("IFRS") as published by the International Accounting Standards Board.

The following standards have been adopted by the company in the year ended 30 June 2012:

NZ IAS 1 (revised): Presentation of financial statements – The required presentation of the Statement of Changes in Equity has been revised to reconcile movements in classes of equity on the face of this statement. This has not affected the measurement of any of the items recognised in the Statement of Financial Position or Statement of Comprehensive Income in the current year.

NZ IAS 24 (revised): Related party transactions – This revision changes the definition of a related party to remove inconsistency and asymmetry of relationships. There has been no impact on the company's financial statements.

No other changes to NZ IFRS were of material relevance to the company's financial statements for the 2012 financial year.

The following standards have been issued but are not yet effective:

NZ IFRS 9: Financial instruments – This standard will eventually replace *NZ IAS 39: Financial instruments – recognition and measurement ("NZ IAS 39")* and is expected to be adopted by the company in the year ending 30 June 2016 when it becomes effective. The standard is not expected to materially affect the company's financial statements.

NZ IFRS 13: Fair value measurement – This standard defines the concept of fair value and establishes a framework for measuring fair value, while setting the disclosure requirements for fair value measurement. Prior to the introduction of NZ IFRS 13, there was no single source of guidance on fair value measurement. The standard is expected to be adopted by the company in the year ending 30 June 2016 when it becomes effective. At this stage the company has not made an assessment of the impact of this standard.

Any other new or proposed accounting standards and amendments not disclosed are not expected to have a material impact on the financial statements when they are initially applied.

Summary of Significant Accounting Policies

The accounting policies that materially affect the recognition, measurement and disclosure of items in the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity

STATEMENT OF ACCOUNTING POLICIES CONTINUED

FOR THE YEAR ENDED 30 JUNE 2012

and Statement of Cash Flows are set out below. These policies have been consistently applied to all the years presented.

Measurement Base

The financial statements have been prepared on the historical cost basis, as modified by the fair valuation of certain assets as identified in specific accounting policies below.

Critical Judgements, Estimates and Assumptions

The preparation of financial statements requires the directors to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses.

Specifically, investments at fair value through profit or loss classified as Level 3 in the fair value hierarchy require judgement in estimating their fair value. Judgement has also been required in classifying Level 3 assets given the uncertainty around the resolution of related matters. Level 3 assets have been included within current assets as the investment is currently expected to become tradeable within one year. Further details are provided in Note 6 to the financial statements.

Cash and Cash Equivalents

Cash and cash equivalents includes cash in hand and short-term money market deposits. Cash and cash equivalents are classified as loans and receivables under NZ IAS 39.

Statement of Cash Flows

The following are definitions of the terms used in the Statement of Cash Flows:

(a) Operating activities include all principal revenue producing activities and other events that are not financing activities.

(b) Financing activities are those activities that result in changes in the size and composition of the capital structure.

Functional and Presentation Currency

The financial statements are presented in New Zealand dollars, which is the company's functional and presentation currency.

Foreign Currency Transactions and Translations

Foreign currency transactions are translated into the functional currency using exchange rates at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in the Statement of Comprehensive Income as foreign exchange gains or losses on cash within Other Income.

Assets and liabilities denominated in foreign currencies at balance date are translated to the functional currency at the foreign currency exchange rates at that date. Foreign exchange gains and losses resulting from the translation of these balances at year end are recognised in the Statement of Comprehensive Income within Net Changes in Fair Value of Financial Assets.

Translation differences on monetary financial assets and liabilities such as cash are recognised in the Statement of Comprehensive Income within Other Income as foreign exchange gains/(losses) on cash and cash equivalents.

Translation differences on non-monetary financial assets and liabilities such as equities at fair value through profit or loss are recognised in the Statement of Comprehensive Income within Net Changes in Fair Value of Financial Assets.

Interest Income & Dividend Income

Interest is accounted for as earned using the effective interest method.

Dividend income is recognised when the company's right to receive payments is established (ex-dividend date).

Manager's Performance Fee

The Performance Fee is recognised in the Statement of Comprehensive Income on an accrual basis based on the performance of the company up to the balance date. Refer to Note 10 of the Notes to the Financial Statements. No Performance Fee is payable for the year ended 30 June 2012.

Income Tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted at balance date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

STATEMENT OF ACCOUNTING POLICIES CONTINUED

FOR THE YEAR ENDED 30 JUNE 2012

Deferred tax (if any) is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the entity expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Marlin elected into the Portfolio Investment Entity ("PIE") regime from the company's commencement date.

Goods and Services Tax (GST)
The company is not registered for GST as its activities relate to financial services. The financial statements include GST where it is charged by other parties as it cannot be reclaimed.

Investments at Fair Value Through Profit or Loss
Classification
Investments in listed entities are classified at fair value through profit or loss in the financial statements under NZ IAS 39. This designation on inception is to provide more relevant information given that the investment portfolio is managed, and performance evaluated, on a fair value basis, in accordance with a documented investment strategy.

Recognition & Measurement
All investments at fair value through profit or loss are initially recognised at fair value and are subsequently revalued to reflect changes in fair value.

Net changes in the fair value of investments classified as fair value through profit or loss are recognised in the Statement of Comprehensive Income as they arise.

Transaction costs for all financial assets carried at fair value through profit or loss are expensed as incurred.

All purchases and sales of investments are recognised at trade date, which is the date on which the company commits to purchase or sell the asset.

Dividend income from investments at fair value through profit or loss is separately recognised in the Statement of Comprehensive Income when the company's right to receive payments is established (ex-dividend date).

Held for trading financial assets at fair value through profit or loss
Held for trading financial assets at fair value through profit or loss comprise forward exchange contracts. The use of these contracts by the company is limited to the risk management of their investments.

Forward foreign exchange contracts can be used as economic hedges for equity investments against currency risk. Therefore, they are accounted for on the same basis as those investments and are recognised at their fair value. Forward exchange contracts are measured at fair value both upon initial recognition and subsequently. Gains and losses arising from changes in the fair value are recognised in the Statement of Comprehensive Income when they arise.

No forward exchange contracts have been used in the year ended 30 June 2012 (2011: nil).

Fair Value
The fair value of investments at fair value through profit or loss traded in active markets is based on current market bid prices at balance date.

The fair value of investments that are not traded in an active market is determined by using valuation techniques. The company uses a variety of methods and makes assumptions that are based on market conditions existing at each year end date. Valuation techniques include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis and other valuation techniques commonly used by market participants making the maximum use of market inputs and relying as little as possible on entity-specific inputs.

STATEMENT OF ACCOUNTING POLICIES CONTINUED

FOR THE YEAR ENDED 30 JUNE 2012

The output of valuation techniques is always an estimate or approximation of a value that cannot be determined with certainty, and the valuation may not fully reflect all factors relevant to the positions the company holds. Valuations are therefore adjusted, where appropriate, to allow for additional factors including liquidity risk and counterparty risk. This applied in determining the fair value of the Level 3 investment disclosed in Note 6.

The fair value hierarchy has the following levels:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Investments whose values are based on quoted market prices in active markets are classified within Level 1. The company does not adjust the quoted price for these instruments.

Derivative financial instruments are valued based on observable inputs and are classified within Level 2.

Investments classified within Level 3 have significant unobservable inputs, as they trade infrequently or have suspended trading on their shares. As observable prices are not available for these securities, the company uses valuation techniques to derive the fair value.

Loans and Receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the company makes short-term cash deposits or accrues trade receivables with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non-current assets.

Trade and Other Receivables
Trade and other receivables are initially recognised at fair value and subsequently carried at amortised cost less impairment where collection is doubtful. Receivables are assessed on a case by case basis for impairment.

Trade Payables
Trade payables are initially recognised at fair value and subsequently measured at amortised cost.

Financial Instruments
Financial instruments carried on the Statement of Financial Position include cash and cash equivalents, equity investments, trade receivables, trade payables and borrowings (when used). The various accounting policies associated with these financial instruments have been disclosed above.

Dividends Payable
Dividend distributions to the company's shareholders are recognised as a liability in the financial statements in the period in which the dividends are declared by the Marlin Board.

Segmental Reporting
Operating segments are identified on the basis of internal reports that are regularly reviewed by the Chief Operating Decision Maker, which for the company is deemed to be the Board of Directors and the Manager, to govern the company’s operations and assess its performance.

Operating segments are reported in a manner consistent with the internal reporting provided to the Board of Directors and the Manager.

Earnings per Share
Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company by the weighted average number of ordinary shares on issue during the year. Refer to the Statement of Comprehensive Income for the earnings per share calculations.

Share Capital
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds. Share capital bought back by the company reduces share capital and may be held as treasury stock at the value of the consideration paid. Treasury stock may later be re-issued which increases share capital by the fair value of the shares on issue date.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2012

	2012 $000	2011 $000

NOTE 1
STATEMENT OF COMPREHENSIVE INCOME

(i) Other income		
Foreign exchange gains/(losses) on cash and cash equivalents	769	(1,101)
Total other income	**769**	**(1,101)**
(ii) Net changes in fair value of financial assets		
Investments designated at fair value through profit or loss		
International equity investments	(9,893)	20,376
Foreign exchange losses on equity investments	(1,577)	(9,633)
Total investments (losses)/gains	**(11,470)**	**10,743**
Financial assets at fair value through profit or loss - held for trading		
(Losses)/gains on foreign exchange contracts	(97)	51
Total (losses)/gains on assets held for trading	**(97)**	**51**
Net changes in fair value of financial assets	**(11,567)**	**10,794**
(iii) Operating Expenses		
Audit fees (including half-year review)	35	32
Manager's fee (note 7)	804	1,582
Manager's performance fee (note 10)	0	164
Directors' fees	138	152
Brokerage and transaction fees	223	372
Custody and NZX fees	202	210
Salaries and other personnel costs	71	102
Administration and other	121	131
Investor relations and communications	117	96
Taxation and legal services	34	24
Bank fees	2	2
Total operating expenses	**1,747**	**2,867**

No non-audit fees were paid to the auditor during the year (2011: nil).

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2012

	2012 $000	2011 $000

NOTE 2
SHARE CAPITAL

Ordinary Shares

As at 30 June 2012 there were 105,471,848 (30 June 2011: 103,804,846) fully paid Marlin shares on issue, including treasury stock of nil shares (30 June 2011: 1,650,329). All ordinary shares are classified as equity, rank equally and have no par value. All shares (with the exception of treasury stock) carry an entitlement to dividends and one vote attached to each fully paid ordinary share.

Opening balance	99,928	96,796
Shares issued for new warrants exercised	0	787
Share placements from treasury stock	0	394
New shares issued under the dividend reinvestment plan	1,198	0
Shares issued from treasury stock under the dividend reinvestment plan	1,815	3,126
Share buybacks held as treasury stock	(687)	(1,175)
Closing balance	**102,254**	**99,928**

Treasury Stock

On 31 October 2011, Marlin announced the continuation of its share buyback programme of its ordinary shares in accordance with Section 65 of the Companies Act 1993. All the shares acquired under the buyback scheme are initially held as treasury stock but are available to be re-issued. The net cost of treasury stock is deducted from share capital.

			Number of shares	
	2012 $000	**2011 $000**	**2012 '000**	**2011 '000**
Opening balance	1,049	3,394	1,650	4,230
Share buybacks	687	1,175	899	1,234
Share placements	0	(394)	0	(450)
Shares re-issued under dividend reinvestment plan	(1,815)	(3,126)	(2,549)	(3,364)
Closing balance	**(79)**	**1,049**	**0**	**1,650**

The value of treasury stock is in debit at 30 June 2012 due to the differences in the price the company has bought shares back for and the price the company has re-issued shares for.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2012

	2012 $000	2011 $000

NOTE 3
TAXATION

(i) Taxation Expense

Operating (loss)/profit before tax	**(11,059)**	**8,091**
Non-taxable realised gain on investments	(1,317)	(9,718)
Non-taxable unrealised loss/(gain) on investments	12,788	(1,025)
Exempt dividends subject to Fair Dividend Rate	(1,437)	(1,250)
Fair Dividend Rate income	3,988	4,871
Other	310	372
Taxable income	**3,273**	**1,341**
Taxation expense at 28% (2011: 30%)	**916**	**402**
Taxation expense comprises:		
Current tax	901	402
Prior period adjustment	15	0
	916	**402**

(ii) Current Tax Balance

Opening balance	338	108
Prior period adjustment	(15)	0
Current tax movements	(901)	(402)
Tax paid	457	632
Current tax (payable)/receivable	**(121)**	**338**

(iii) Imputation Credits

Opening balance	110	1,159
Net imputation credits attached to dividends paid	(655)	(1,584)
Tax paid	322	535
Closing balance available for use in future periods	**(223)**	**110**

On 20 May 2010, the New Zealand Government announced a change in the corporate tax rate from 30% to 28% for the 2011/12 tax year.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2012

	2012 $000	2011 $000

NOTE 4
TRADE AND OTHER RECEIVABLES

Interest receivable	0	1
Dividends receivable	155	95
Related party receivable (note 7)	536	0
Other receivables and prepayments	4	18
Total trade and other receivables	**695**	**114**

Trade receivables are classified as loans and receivables under NZ IAS 39. Total loans and receivables are $15,790,000 (30 June 2011: $14,525,000) being cash plus trade and other receivables. The carrying value of cash and trade and other receivables approximates their fair values.

NOTE 5
TRADE AND OTHER PAYABLES

Related party payable (note 7)	109	290
Unsettled investment purchases	0	2,516
Other payables and accruals	68	62
Total trade and other payables	**177**	**2,868**

Trade payables are classified as other financial liabilities under NZ IAS 39. All payables are contractually required to be paid within three months. The carrying value of trade and other payables approximates their fair values.

NOTE 6
INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

Investments designated at fair value through profit or loss		
International listed equity investments	75,726	96,532
Total investments at fair value through profit or loss	**75,726**	**96,532**

Although investments at fair value through profit or loss are treated as current assets from an accounting point of view, the investment strategy of the company is to hold for the medium to long-term.

All investments at fair value through profit or loss are valued using quoted bid prices from an active market and are classified as Level 1 in the fair value hierarchy with the exception of Fook Woo Group (FWG) which has been classified as Level 3 in the fair value hierarchy.

On 28 November 2011 FWG suspended trading in its shares on the Hong Kong Stock Exchange (HKSE) when its shares were valued at HKD1.37 per share. On this date, FWG represented NZ$3.10m (3.4%) of Marlin's net assets. The shares remained suspended at 30 June 2012, and that suspension continues as at the date of these financial statements (28 August 2012). Exchange rate movements between the Hong Kong dollar and the New Zealand dollar continue to affect the value of FWG in the Marlin accounts.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2012

NOTE 6
INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS CONTINUED

FWG has made a number of statements about its position, referring to internal control issues, unauthorised loans and repayments and internal investigations being undertaken. FWG has not yet released its interim financial statements for its half year ended 30 September 2011 or for its full year ended 31 March 2012. FWG's operations continue and the issues of concern appear to reside at the head office of the company.

Enquiries of FWG have not been able provide any confidence about what the issues at FWG might be and/or how extensive these might be. Given the extended period of suspension, the questions about the internal controls within the business, and the likely market reaction when/if FWG relists, the Board has resolved to write-down the FWG carrying value.

On 13 June 2012, based on information available at that time, the Marlin Board resolved to write-down the carrying value of FWG by 40% to HKD0.82 per share. This reduced the value of Marlin's holding in FWG by NZ$1.32m from NZ$3.14m to NZ$1.82m.

On 30 July 2012, based on a further statement from FWG, the Marlin Board resolved to make a further write-down of 40% (of the 28 November 2011 value), reducing the carrying value to HKD0.27 per share, representing 20% of the last HKSE listed price-based valuation. The July write-down was retrospectively effected at 30 June 2012, reflecting the circumstances that existed at that time, and reduced the carrying value of FWG by a further NZ$1.20m at balance date, taking the carrying value of FWG from NZ$1.78m to NZ$0.58m.

The total FWG write-down of 80% is such that the current carrying value of FWG is now 20% of the last bid price on 28 November 2011. The total write-down amount of NZ$2.52m is included in the Statement of Comprehensive Income within net changes in fair value of financial assets.

As there is no active market for FWG shares at balance date (and subsequently), an estimate of fair value has been determined, and the value of shares have been classified as Level 3 in the fair value hierarchy. The current valuation of FWG in Marlin's accounts at 30 June 2012, at 20% of the last bid price on 28 November 2011, is considered by the directors to be a reasonable assessment of value based on the information currently available, but recognises the significant uncertainties that currently surround this stock and that a range of important questions remain unanswered relating to the affairs of FWG.

The Marlin Board will continue to assess the carrying value of FWG as additional information comes to hand. If FWG continues to be suspended, and given the passage of time since suspension last November, the Board will consider whether a further write-down of value is appropriate, prior to the half year reporting date.

The table below shows the movement in Level 3 instruments for the year, all relating to FWG:

	2012 $000	2011 $000
Opening balance	0	0
Transfers to Level 3 fair value hierarchy	3,103	0
Purchases	0	0
Losses recognised in profit or loss	(2,521)	0
Closing balance	**582**	**0**

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2012

NOTE 7
RELATED PARTY INFORMATION

Parties are considered to be related if one party has the ability to control or exercise significant influence over the other party in making financial or operational decisions. The Manager of Marlin is Fisher Funds Management Limited ("Fisher Funds" or "the Manager"). Fisher Funds is a related party by virtue of the common directorship and a Management Agreement.

The Management Agreement with Fisher Funds provides for the provisional payment of a management fee equal to 1.25% per annum of the gross asset value, calculated weekly and payable monthly in arrears. This management fee is reduced by 0.10% for each 1.0% per annum by which the Gross Return achieved on the portfolio during each financial period is less than the change in the NZX 90-Day Bank Bill Index over the same period but subject to a minimum management fee of 0.75% of the average gross asset value for that period.

The annual management fee shall be calculated by the Custodian within 20 business days of the end of the financial year and any amount required to be refunded by the Manager shall be repaid by way of set-off against future management fee payments due.

Management fees paid or payable (inclusive of GST) to Fisher Funds for the year ended 30 June 2012 totalled $804,171 (30 June 2011: $1,582,246), with $108,711 being payable at 30 June 2012 (30 June 2011: $126,032). During the year to 30 June 2012, the management fee was calculated and invoiced at 1.25% of gross asset value, with a balance date adjustment made to reduce the management fee to 0.75% of gross asset value (30 June 2011: 1.25%) as the Gross Return was below the NZX 90-Day Bank Bill Index for the year to 30 June 2012.

As a result of the management fee adjustment, a prepayment of $536,114 is included in the Statement of Financial Position at 30 June 2012 (30 June 2011: nil).

A Performance Fee may be earned by the Manager provided certain benchmarks and a high water mark test have been met. No Performance Fee has been earned by the Manager for the year ended 30 June 2012, see Note 10 (30 June 2011: $164,386).

Marlin's corporate management team is employed by Fisher Funds to provide management services to Marlin. The corporate team's remuneration is recharged by Fisher Funds and the cost for the year ended 30 June 2012 was $71,418 (30 June 2011: $101,584). These costs do not include any key management personnel compensation.

Administration and marketing costs incurred by Fisher Funds on behalf of Marlin amounted to $19,147 for year ended 30 June 2012 and were recharged in full to Marlin (30 June 2011: $40,461).

The directors of Marlin are the only key management personnel and they earn a fee for their services which is disclosed in Note 1(iii) under directors' fees (only independent directors earn directors' fees). The directors also held shares in the company at 30 June 2012 which are disclosed in the Statutory Information section of the Annual Report and total 0.53% of total shares on issue (30 June 2011: 0.54%). The directors did not receive any other benefits which may have necessitated disclosure under NZ IAS 24 Related Party Disclosures (paragraph 16).

Off-market transactions between Marlin and other funds managed by Fisher Funds take place for the purposes of rebalancing portfolios without incurring brokerage costs. These transactions are conducted after the market has closed at last sale price (arm's length). During the year, off-market transactions between Marlin and other funds managed by Fisher Funds totalled $0 for purchases and $829,998 for sales (year ended 30 June 2011: purchases $0 and sales $0).

NOTE 8
FINANCIAL RISK MANAGEMENT POLICIES

The company is subject to a number of financial risks which arise as a result of its investment activities, including; market risk (price, interest rate and currency), credit risk and liquidity risk.

The Management Agreement between Marlin and Fisher Funds details permitted investments. Financial instruments currently recognised in the financial statements also comprise cash and short-term deposits, trade and other receivables and trade and other payables.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2012

NOTE 8
FINANCIAL RISK MANAGEMENT POLICIES CONTINUED

Capital Risk Management
The company's objective when managing capital (share capital, reserves and borrowings, if any) is to prudently manage shareholder capital.

In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders, undertake share buybacks, issue new shares and make borrowings in the short-term.

The company was not subject to any externally imposed capital requirements during the year.

In August 2010, the company announced a long-term distribution policy of paying out 2% of average net asset value each quarter.

Market Risk
All equity investments present a risk of loss of capital often due to factors beyond the company's control such as competition, regulatory changes, commodity price changes and changes in general economic climates domestically and internationally. The Manager moderates this risk through careful stock selection and diversification, daily monitoring of the market positions and monthly reporting to the Board of Directors. In addition, the Manager has to meet the criteria of authorised investments within the prudential limits defined in the Management Agreement.

The countries in which Marlin's exposure is greater than 10% of the portfolio are United States 20%, Germany 18% and China 15% (2011: United States 15%, Germany 16% and China 26%).

The maximum market risk resulting from financial instruments is determined as their fair value.

Price Risk
The company is exposed to the risk of fluctuations in the underlying value of its listed portfolio companies. No companies individually comprise more than 10% of Marlin's portfolio at 30 June 2012 (2011: nil).

Interest Rate Risk
Surplus cash is held in foreign currency accounts overseas as well as in New Zealand bank accounts. Amounts held are subject to varying rates of interest and therefore the company is exposed to the risk of movements in these interest rates. There is no hedge against the movement in interest rates.

The company may use short-term fixed rate borrowings to fund investment opportunities. There were no borrowings at 30 June 2012 (2011: nil).

Currency Risk
The company holds monetary and non-monetary assets denominated in international currencies. It is therefore exposed to currency risk as the value of cash held in international currencies will fluctuate with changes in the relative value of the New Zealand dollar compared to the international currencies.

A full sensitivity analysis for foreign currency has not been provided in Note 9 to the financial statements as Marlin is exposed to the fluctuations of several foreign currencies. At 30 June 2012, the following monetary and non-monetary foreign currency assets (converted to New Zealand dollars) were held:

	30 June 2012 NZ$000	**30 June 2011 NZ$000**
Brazilian Reals	2,297	0
Euros	27,734	27,356
Hong Kong Dollars	10,487	22,340
Japanese Yen	11,268	10,710
Pounds Sterling	2	2
Singapore Dollars	14,160	17,205
Swiss Francs	218	2
US Dollars	23,793	29,499

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2012

NOTE 8
FINANCIAL RISK MANAGEMENT POLICIES CONTINUED

Credit Risk

In the normal course of its business, the company is exposed to credit risk from transactions with its counterparties. There are no significant concentrations of credit risk. The company does not expect non-performance by counterparties, therefore no collateral or security is required.

All transactions in listed securities are paid for on delivery according to standard settlement instructions. The company invests cash with banks registered in New Zealand and internationally which carry a minimum short-term credit rating of A-1.

Listed securities are held in trust by an independent trustee company.

The maximum credit risk of financial assets is deemed to be their carrying amount as reported in the Statement of Financial Position.

Liquidity Risk

The company endeavours to invest the proceeds from the issue of shares in appropriate investments while maintaining sufficient liquidity, through daily cash monitoring, to meet working capital and investment requirements. Such liquidity can be augmented by short-term borrowings from a registered bank to a maximum value of 20% of the gross asset value of the company. No such borrowings have arisen to date.

NOTE 9
SENSITIVITY ANALYSIS

The following tables show the sensitivity of profit and shareholders' equity to variations in key parameters including equity prices, interest rates and foreign exchange rate movements, where the variable referred to is flexed but all other factors are held constant.

2012: ($000)					
EQUITY PRICES (i)					
	Carrying Amount	-10%		+10%	
		Profit	Equity	Profit	Equity
Cash and cash equivalents	15,095	0	0	0	0
Investments at fair value through profit or loss - designated	75,726	(7,573)	(7,573)	7,573	7,573
INTEREST RATE (i)					
	Carrying Amount	-1%		+1%	
		Profit	Equity	Profit	Equity
Cash and cash equivalents	15,095	(151)	(151)	151	151
Investments at fair value through profit or loss - designated	75,726	0	0	0	0

The percentage movement for the interest rate sensitivity relates to an absolute change in the interest rate rather than a percentage change in interest rate. The above sensitivities do not take into account impact on tax balances.

2012: ($000)					
FOREIGN EXCHANGE RATE (ii and iii)					
Foreign currency assets at fair value through profit or loss - designated	Carrying Amount	-10%		+10%	
		Profit	Equity	Profit	Equity
US and Hong Kong dollar	34,280	3,809	3,809	(3,116)	(3,116)
Euro	27,734	3,082	3,082	(2,521)	(2,521)

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2012

NOTE 9
SENSITIVITY ANALYSIS CONTINUED

(i) The table on the previous page summarises the impact on profit and equity if equity prices were 10% higher/lower with all other variables held constant, and if interest rates were 1% higher/lower with all other variables held constant.

(ii) The exchange rate sensitivity of -/+10% has been based on NZD/USD and NZD/EUR exchange rate volatility over the past 10 years.

(iii) The company is exposed to movements in foreign currencies as detailed under currency risk in Note 8. A sensitivity analysis has been provided to show the impact of -/+10% movement in the largest exposures, US dollars and Euros. Hong Kong denominated assets have also been included within the US dollar sensitivity as the Hong Kong dollar is pegged to the US dollar.

At 30 June 2012, the US$/NZ$ rate was 0.8038 and the HK$/NZ$ rate was 6.2346; an increase in these rates by 10% to 0.8842 and 6.8581 respectively would lead to an unrealised loss of NZ$3,224,000. Similarly, a 10% decrease to 0.7234 and 5.6111 would lead to an unrealised gain of NZ$3,940,000.

At 30 June 2012, the EUR/NZ$ rate was 0.6333; an increase in this rates of 10% to 0.6966 would lead to an unrealised loss of NZ$2,521,000. Similarly, a 10% decrease to 0.5700 would lead to an unrealised gain of NZ$3,082,000.

2011: ($000)					
EQUITY PRICES					
	Carrying Amount	-10%		+10%	
		Profit	Equity	Profit	Equity
Cash and cash equivalents	14,411	0	0	0	0
Investments at fair value through profit or loss - designated	96,532	(9,653)	(9,653)	9,653	9,653
INTEREST RATE					
	Carrying Amount	-1%		+1%	
		Profit	Equity	Profit	Equity
Cash and cash equivalents	14,411	(144)	(144)	144	144
Investments at fair value through profit or loss - designated	96,532	0	0	0	0

The percentage movement for the interest rate sensitivity relates to an absolute change in the interest rate rather than a percentage change in interest rate. The above sensitivities do not take into account impact on tax balances.

2011: ($000)					
FOREIGN EXCHANGE RATE					
Foreign currency assets at fair value through profit or loss - designated	Carrying Amount	-10%		+10%	
		Profit	Equity	Profit	Equity
US and Hong Kong dollar	51,839	5,760	5,760	(4,713)	(4,713)
Euro	27,356	3,040	3,040	(2,487)	(2,487)

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2012

NOTE 10
PERFORMANCE FEE

The Management Agreement with Fisher Funds provides for an annual Performance Fee for outperforming the benchmark rate and providing excess returns.

The Performance Fee payable to the Manager under the agreement is 15% of the lesser of:

(a) the excess return for the applicable period multiplied by the number of shares on issue at the end of the period; or

(b) the dollar amount by which the net asset value per share exceeds the highest net asset value per share at the end of the previous calculation period multiplied by the number of shares on issue.

Excess return is defined as the excess above a benchmark return which is the change in the NZX 90-Day Bank Bill Index in the period plus 5% per annum.

Subject to all regulatory requirements, the Manager will use 25% of the Performance Fee to acquire shares in Marlin on-market within 90 days of receipt of the Performance Fee. This obligation shall cease if and to the extent that the Manager holds 4.99% of the shares then on issue in the company. Any shares acquired by the Manager must be held for at least 180 days from the date of payment of the Performance Fee.

At 30 June 2012 the net asset value per share of $0.86 was below the high water net asset value per share (after adjustment for capital changes and distributions) of $0.97 (being the highest net asset value per share at the end of the last calculation period of 30 June 2011 adjusted for any capital changes and distributions).

Accordingly the company has not accrued a Performance Fee in its Statement of Comprehensive Income for the year to 30 June 2012 (30 June 2011: $164,386).

NOTE 11
NET ASSET VALUE

The audited net asset value per share of Marlin as at 30 June 2012 was $0.86 per share (30 June 2011: $1.06 per share).

NOTE 12
CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACTUAL COMMITMENTS

There were no material contingent liabilities or unrecognised contractual commitments as at 30 June 2012 (30 June 2011: nil).

NOTE 13
SEGMENTAL REPORTING

The company operates in a single operating segment being international financial investment.

NOTE 14
SUBSEQUENT EVENTS

On 28 August 2012 the Board declared a dividend of 1.80 cents per share. The record date for this dividend is 14 September 2012 with a payment date of 28 September 2012.

At 21 August 2012, the unaudited net asset value of the company was $0.85 per share and the share price was $0.71.

There were no other events which require adjustment to or disclosure in these financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF MARLIN GLOBAL LIMITED

Report on the Financial Statements

We have audited the financial statements of Marlin Global Limited on pages 34 to 52 which comprise the statement of financial position as at 30 June 2012, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and the notes to the financial statements that include a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Financial Statements

The directors are responsible for the preparation of these financial statements in accordance with generally accepted accounting practice in New Zealand and that give a true and fair view of the matters to which they relate and for such internal controls as the directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand) and International Standards on Auditing. These standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal controls relevant to the company's preparation of financial statements that give a true and fair view of the matters to which they relate, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the overall presentation of the financial statements.

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

We have no relationship with, or interests in, Marlin Global Limited other than in our capacities as the auditor and provider of other assurance services. These services have not impaired our independence as the auditor of the company.

PricewaterhouseCoopers, 188 Quay Street, Private Bag 92162, Auckland 1142, New Zealand
T: +64 (9) 355 8000, F: +64 (9) 355 8001, www.pwc.com/nz

Opinion

In our opinion, the financial statements on pages 34 to 52:

(i.) comply with generally accepted accounting practice in New Zealand;

(ii.) comply with International Financial Reporting Standards; and

(iii.) give a true and fair view of the financial position of the company as at 30 June 2012, and its financial performance and cash flows for the year then ended.

Report on Other Legal and Regulatory Requirements

We also report in accordance with Sections 16(1)(d) and 16(1)(e) of the Financial Reporting Act 1993. In relation to our audit of the financial statements for the year ended 30 June 2012:

(i.) we have obtained all the information and explanations that we have required; and

(i.) in our opinion, proper accounting records have been kept by the company as far as appears from an examination of those records.

Restriction on Distribution or Use

This report is made solely to the company's shareholders, as a body, in accordance with Section 205(1) of the Companies Act 1993. Our audit work has been undertaken so that we might state to the company's shareholders those matters which we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's shareholders, as a body, for our audit work, for this report or for the opinions we have formed.

PricewaterhouseCoopers

Chartered Accountants
Auckland

28 August 2012

SHAREHOLDER INFORMATION

Size of Shareholding as at 10 August 2012

Holding Range	# of Shareholders	# of Shares	% of Total
1 to 999	55	21,302	0.1%
1,000 to 4,999	242	654,900	0.6%
5,000 to 9,999	1,373	8,477,963	8.0%
10,000 to 49,999	1,979	36,854,472	34.9%
50,000 to 99,999	230	14,336,154	13.6%
100,000 to 499,999	135	22,056,779	20.9%
500,000 +	20	23,070,278	21.9%
TOTAL	**4,034**	**105,471,848**	**100.0%**

20 Largest Shareholders as at 10 August 2012

Holder Name	# of Shares	% of Total
Custodial Services Limited	2,983,841	2.83%
FNZ Custodians Limited	2,752,129	2.61%
Forsyth Barr Custodians Limited	2,053,509	1.95%
Forsyth Barr Custodians Limited	1,849,739	1.75%
Custodial Services Limited	1,753,892	1.66%
Frank Simon Pearson	1,150,799	1.09%
Anthony John Simmonds + Maureen Simmonds + Timothy Patrick Ward	995,991	0.94%
FNZ Custodians Limited	993,734	0.94%
Hettinger Nominees Limited	828,263	0.79%
Society of Mary Trust Board	800,000	0.76%
Investment Custodial Services Limited	797,569	0.76%
Custodial Services Limited	782,488	0.74%
Mantles Limited	750,000	0.71%
Custodial Services Limited	745,294	0.71%
John Licco Sarfati	730,000	0.69%
Forsyth Barr Custodians Limited	713,089	0.68%
Custodial Services Limited	683,419	0.65%
David Alexander Coory + Marie Linda Coory	622,971	0.59%
Warwick John Greenwood + Ian Sloan Marshall Robertson + Alastair John Mansell	583,551	0.55%
Hubbard Churcher Trust Management Limited	500,000	0.47%
TOTAL	**23,070,278**	**21.87%**

STATUTORY INFORMATION

Directors' Relevant Interests in Equity Securities at 30 June 2012

Interests Register

The company is required to maintain an interests register in which the particulars of certain transactions and matters involving the directors must be recorded. The interests register for Marlin is available for inspection at its registered office. Particulars of entries in the interests register as at 30 June 2012 are as follows:

	Ordinary Shares Held by Associated Persons
J B Miller	5,000
A B Ryan	0
M T Todd[1]	149,513
C A Campbell	0
C M Fisher[2]	400,107

[1] M T Todd received 17,736 new shares for the year ended 30 June 2012 issued under the dividend reinvestment plan.

[2] C M Fisher received 45,573 new shares for the year ended 30 June 2012, due to payment of a performance fee to Fisher Funds relating to the year ended 30 June 2011.

N.B From August 2012, independent directors with a shareholding of less than 50,000 shares will receive shares in lieu of 10% of their directors' fees.

Directors Holding Office

The company's directors as at 30 June 2012 were:

- J B Miller
- A B Ryan
- M T Todd
- C A Campbell
- C M Fisher

On 28 May 2012, Annabel Cotton ceased to hold office. In accordance with the Marlin constitution, at the 2011 Annual Shareholders Meeting, Annabel Cotton retired by rotation and being eligible was re-elected. Carmel Fisher retires by rotation at the 2012 Annual Shareholders Meeting and being eligible, offers herself for re-election. Alistair Ryan and Carol Campbell, being eligible, offer themselves for election in accordance with the company's constitution.

Directors' Remuneration

The following table sets out the total remuneration received by each director from Marlin for the year ended 30 June 2012. The directors' fees disclosed in the financial statements include a portion of non-recoverable GST expensed by Marlin.

Directors' remuneration* for the 12 months ended 30 June 2012	
J M Miller	$50,000
A B Ryan *(appointed 10 February 2012)*	$13,049
M T Todd	$32,500
C A Campbell *(appointed 5 June 2012)*	$2,315
A M Cotton *(retired 28 May 2012)*	$34,067

* excludes GST

Directors' Remuneration continued

Total amount paid to directors is higher than the pool limit of $120,000; this is allowable under NZX Listing Rule 3.5.1 as additional directors have come on to the Board during the year.

Carmel Fisher does not earn directors' fees.

Employee Remuneration

Marlin does not have any employees. Corporate Management services are provided to the company by Fisher Funds.

Disclosure of Interests as at 30 June 2012

General Interest pursuant to section 140 of the Companies Act 1993 as at 30 June 2012:

J B Miller	Kingfish Limited	Director
	Barramundi Limited	Director
	NZX Limited	Director
	Auckland International Airport Limited	Director
	Mighty River Power Limited	Director*
	Financial Markets Authority	Member
A B Ryan	Kingfish Limited	Director*
	Barramundi Limited	Director*
	Vision Senior Living and subsidiaries	Director*
	Auditor Regulation Liaison Group	Member*
M T Todd	Kingfish Limited	Director
	Barramundi Limited	Director
	Bell Gully	Partner
C A Campbell	Kingfish Limited	Director*
	Barramundi Limited	Director*
	Turners and Growers Limited	Director*
	New Zealand Post Group Limited	Director*
	Hick Bros Construction Limited and associated companies	Director*
	Woodford Properties Limited	Director*
	Bravestar Films Limited	Director*
	CMS Alphatech Limited	Director*
	The Business Advisory Group Limited	Partner*
C M Fisher	Kingfish Limited	Director
	Barramundi Limited	Director
	Fisher Funds Management Limited	Director

(1) Notices given by directors during the year ended 30 June 2012 are marked with an asterisk.

(2) The following details included in the Interests Register as at 30 June 2011, or entered during the year ended 30 June 2012, have been removed during the year ended 30 June 2012:

- *J B Miller is no longer a director of Vector Limited*
- *J B Miller is no longer a partner at Craigs Investment Partners*
- *A B Ryan is no longer an executive of SKYCITY Entertainment*
- *A B Ryan is no longer a director of Queenstown Casinos Limited*
- *A B Ryan is no longer a director of Christchurch Casinos Limited*

STATUTORY INFORMATION CONTINUED

Directors' Indemnity and Insurance

Marlin has insured all of its directors against liabilities and costs referred to in Section 162 (3), 162 (4) and 162 (5) of the Companies Act 1993. The insurance does not cover liabilities arising from criminal actions.

During the year, the company granted an indemnity in favour of all current and future directors of the company in accordance with the company's constitution.

Auditor's Remuneration

During the 30 June 2012 period the following amounts were paid/payable to the auditor – PricewaterhouseCoopers.

	$000
Audit Fees	35

Donations

The company did not make any donations during the period ended 30 June 2012.

MARLIN GLOBAL DIRECTORY

Nature of Business

The principal activity of Marlin is investment in companies based outside New Zealand and Australia.

Manager

Fisher Funds Management Limited
Level 1
67 - 73 Hurstmere Road
Takapuna
Auckland 0622

Chief Financial Officer
Ben Doshi

Directors

Independent Directors
Alistair Ryan (Chairman from 1 September 2012)
Mark Todd
Carol Campbell

Director
Carmel Fisher

Registrar

Shareholders with enquiries about transactions and changes of address should contact Marlin's share registrar:

Computershare Investor Services Limited
Level 2
159 Hurstmere Road
Takapuna
Auckland 0622
Phone: +64 9 488 8777
Email: enquiry@computershare.co.nz

Managing your shareholding online:
To change your address, update your payment instructions and to view your investment portfolio including transactions, please visit:
www.computershare.co.nz/investorcentre

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Solicitors

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maclin

growing globally

Printed onto Advance laser, which is produced from Elemental Chlorine Free (ECF) pulp from virgin wood. This wood is sourced from managed farmed trees in an ISO14001 and ISO9001 (International Quality Management Standard) accredited mill, that generates a portion of their power from tree waste, saving 200 million litres of diesel oil annually.