

# Marlin Global Limited Interim Report

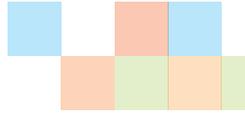
31 December 2009





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## directors' overview

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Capping off what has been an eventful period for Marlin Global Limited, your Directors are pleased to report a \$10.9 million financial surplus for the six months ended 31 December 2009.

The rise in the New Zealand dollar over the period dampened overall performance in New Zealand dollar terms. Marlin's Net Asset Value (NAV) grew from 99c to \$1.08 which, after adding back 2 cents dividend paid, provided an 11% return - edged out slightly by the growth in the MSCI Global Small Cap index of 12%, although surpassing the MSCI by 25% on a twelve month basis. Marlin's expenses relating to investor relations, tax and advisory services were notably higher than the previous corresponding period due to the costs incurred by the Cross Proposal referred to below.

The year to date performance has resulted in a provision being made in the interim financial statements for a performance fee but this will only be payable subject to the Manager exceeding performance benchmarks for the full financial year.

At our annual shareholders meeting in October the proposal to change the structure of the company by then shareholder, Mr Gary Cross, was discussed at length. Reference was made to a specially commissioned independent report by KPMG on the issues to be considered. The clear consensus of the meeting was not to support changing Marlin's structure at that time.

Marlin's share price lifted from 74 cents to 85 cents over the six months to 31 December, still an unsatisfactory discount to NAV. In October,

the Board renewed its share and warrant buyback programmes enabling the company to acquire a maximum of 5 million shares and 20 million warrants on market. In the six months to 31 December, Marlin purchased 3.2 million shares at an average cost of 85c each.

Late in January we informed the NZSX of two positive takeover developments within the Marlin portfolio. Fisher Funds make reference to these in their following report and the benefit will be reflected in our annual financial statements to 30 June 2010.

Uncertainty remains as to the pace and timing of the global economic recovery; however your Board and Manager remain optimistic as to Marlin's outlook over the next six months.

*On behalf of the Board,*

**R.L. Challinor**  
CHAIRMAN  
23 February 2010

## directors' overview continued

### share price and NAV

Marlin Net Asset Value and Share Price Performance ■ NAV (undiluted) ■ Share Price



Relative Performance (31 December 2009)	Six Months	One Year	Since Inception
Marlin NAV*	11.2%	40.2%	12.7%
MSCI Global Small Cap**	12.3%	15.5%	-18.6%

\* Includes 2.0cps dividend paid.

\*\* Includes dividends and in New Zealand Dollar terms.

	31 Dec 2009	30 Jun 2009	Six Month Change
Share Price	\$0.85	\$0.74	14.9%

# manager's report

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## Market Review & Outlook

The strong performance from the third quarter continued as the Marlin NAV increased by 11.2% for the six months ending December 31, 2009. This was buoyed by a more positive economic and market environment with the MSCI World Small Cap Index increasing by 12.3%.

China continued to lead the world with Q309 GDP of 8.9% before accelerating further to 10.7% in Q409. While it was reported that China has recently become the worlds biggest exporting nation, exports are not what has been driving growth nor is it where we see the opportunity going forward. Over the past year the Chinese economy received a big boost from the RMB4 trillion (NZ\$800 billion) stimulus package where money was directed to infrastructure projects such as the upgrade of the railway network. Now private investment and consumer spending is picking up which, very importantly, produces an improvement in the quality of growth. The trend towards urbanisation in China and the emerging middle class continues with companies focused on the domestic demand being the winners.

Our research trips to the US and Europe revealed stable economies but the long term structural problems remain which is why we continue to favour China and Asia in the long term. However, the averages don't tell the whole story as there are certain sectors in the developed economies, such as healthcare and technology, where the outlook is positive.

Japan continues to be the caboose in global markets as domestic demand is anaemic and

exporters have been hampered by a strong Yen. Our lone Japanese investment, **Shinko Plantech**, was a strong performer during the period rallying 22%. The macro economic outlook for Japan is not overly compelling but on our recent research trip we uncovered some intriguing potential investments.

We have previously highlighted a return to mergers and acquisitions. The backdrop for corporate activity is ripe given the substantial increase in liquidity and 'cheap' money in the system care of the US Federal Reserve and central banks around the world. We are also likely living in a world of slower economic growth so larger companies will look to supplement growth with acquisitions. Since 31 December, we have had two portfolio companies (**Bare Escentuals** and **Hongguo**) receive takeover offers adding approximately NZ\$3 million to the NAV. There still remain plenty of other Marlin portfolio holdings that would make for attractive takeover candidates.

The correlation between currencies and equity markets remained high as the New Zealand dollar rallied more than 10% against the US dollar. We have underestimated the magnitude and volatility of movement in the dollar and this has acted as a drag on returns. The New Zealand dollar is currently above fair value and we remain un-hedged.

## Portfolio update

We have added five and sold two companies from the fund bringing the total to 34. We sold our holding in **Ultimate Software**. Nothing

## manager's report continued

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has changed fundamentally and it is still a good company but the valuation more than reflects this. We also exited our position in **Celera** following disappointing earnings results.

In the September quarterly update we discussed our new investments in **China Zaino**, China's leading backpack and luggage company that we purchased for less than cash on the balance sheet, **Bare Escentuals**, a US based prestige cosmetics company that has just announced they will be acquired by Shiseido at a 40% premium, and **Telvent**, a Spanish software company. Since then we have also added Autodesk and Sarin.

**Autodesk** is the leader in developing computer-aided design (CAD) and simulation software solutions for customers in the manufacturing, building, infrastructure markets and digital video tools for the media market. It has a broad product footprint, well-established distribution network, and a large installed base. There is a decade long initiative to upgrade customers from the traditional 2-dimensional offering to 3-dimensional solutions where the financial returns for Autodesk are high. In addition, Autodesk continues to broaden its product suite, increase penetration in new verticals and expand into emerging markets such as China.

**Sarin** is 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.

Other significant portfolio company announcements include:

**Biotest** announced the sale of its medical diagnostics business. This is a catalyst we identified when we initially bought the stock. The medical diagnostics business is not core to the rest of the operations and is a money losing unit. This will increase both earnings per share and cash on the balance sheet. Most importantly, it enables the company to dedicate its resources to its core plasma business as well as partnering its remaining three biotherapeutics. Our meeting with the company at its headquarters in November reinforced our positive long-term outlook.

The Chinese railway industry was in the limelight again with another round of contracts awards.

**Midas Holdings** announced a RMB152 million (NZ\$30 million) contract to supply and deliver 400 high speed train cars and their joint venture company Nanjing SR Puzhen Rail Transport announced an RMB1.56 billion (NZ\$315 million) contract. **China Automation Group** won a RMB300 million (NZ\$60 million) contract for the railway signalling systems for the Beijing Subway Line. In addition, the Chinese Ministry of Rail announced plans for RMB700 billion (NZ\$140 billion) of railway investment in 2010, an increase of more than 15% over 2009. More importantly, it committed to this continued level of spending for 2011 and 2012 providing visibility for the entire sector.

**Hyflux** formed a joint venture with Japan's JGC Corporation to co-fund water projects in China. This provides Hyflux with an additional funding platform to ensure it can continue to capitalise upon strong demand.

We cut back our holding in **City Telecom** as the stock has tripled during the period. The company announced earnings that were better than expected with net profit increasing 45%. There was also a favourable initiation of coverage by an Asian based broker, the first broker to research the company since we bought into the company. Remember one of the catalysts for small cap companies is increased visibility. We own these great businesses and believe it's a matter of time before everyone else discovers them too.

*For details of all the companies in the portfolio please see our website [www.marlin.co.nz](http://www.marlin.co.nz)*



# manager's report continued

## Portfolio Holdings Summary as at 31 December 2009

Listed by location	% Holding
<b>Britain</b>	
Wellstream	2.9%
<b>China</b>	
China Automation Group	1.5%
China Zaino	1.5%
Home Inns	0.2%
Hongguo	3.9%
Midas	3.1%
O2 Micro International Limited	6.1%
Ports Design	3.8%
Wasion Group	1.2%
Zhuzhou CSR Times Electric	2.1%
<b>Finland</b>	
Nokian Tyre	1.0%
<b>France</b>	
Gameloft	1.0%
<b>Germany</b>	
Biotest AG	2.1%
Stratec Biomedical	2.3%
Wirecard AG	3.5%
<b>Greece</b>	
Jumbo	4.0%
<b>Holland</b>	
Qiagen	5.3%
<b>Hong Kong</b>	
City Telecom	1.8%
<b>Ireland</b>	
Icon PLC	2.9%
<b>Israel</b>	
Sarin	0.2%
<b>Italy</b>	
Brembo	0.8%

Listed by location (cont)	% Holding
<b>Japan</b>	
Shinko Plantech	5.8%
<b>Singapore</b>	
Hyflux	2.7%
Raffles Education	3.4%
<b>United States</b>	
Advent Software	0.4%
Autodesk	1.3%
Bare Escentuals	3.9%
Conceptus	5.4%
Ebix Inc	1.0%
Equinix	1.9%
F5 Networks	1.7%
Hansens Natural Corporation	2.0%
OSI Pharmaceuticals Ltd	0.9%
Telvent	2.3%
<b>Equities Total</b>	<b>83.9%</b>
<b>Cash</b>	<b>16.1%</b>
<b>TOTAL</b>	<b>100.0%</b>



**Carmel Fisher**  
MANAGING DIRECTOR  
23 February 2010



**Ken Applegate**  
SENIOR PORTFOLIO MANAGER  
23 February 2010



MARLIN GLOBAL LIMITED

**STATEMENT OF COMPREHENSIVE INCOME**

FOR THE SIX MONTHS ENDED 31 DECEMBER 2009

	Notes	6 months ended 31/12/09 unaudited \$'000	6 months ended 31/12/08 unaudited \$'000
Interest income		10	162
Dividend income		458	408
Foreign exchange (losses)/gains on cash and cash equivalents	1(i)	(1,812)	3,230
Net changes in fair value on investments at fair value through profit or loss	1(ii)	14,078	(15,899)
<b>Total net income</b>		<b>12,734</b>	<b>(12,099)</b>
Operating expenses	1(iii)	(2,161)	(1,013)
<b>Operating profit/(loss) before tax</b>		<b>10,573</b>	<b>(13,112)</b>
Total tax benefit/(expense)	3	379	(1,080)
<b>Net operating profit/(loss) after tax attributable to shareholders</b>		<b>10,952</b>	<b>(14,192)</b>
<b>Total comprehensive income after tax attributable to shareholders</b>		<b>10,952</b>	<b>(14,192)</b>
<b>Earnings per share</b>			
<b>Basic earnings per share</b>			
Profit/(loss) attributable to owners of the Company (\$'000)		10,952	(14,192)
Weighted average number of ordinary shares on issue net of treasury stock ('000)		101,123	102,992
		<b>\$0.11</b>	<b>\$(0.14)</b>
<b>Diluted earnings per share</b>			
Profit/(loss) attributable to owners of the Company (\$'000)		10,952	(14,192)
- Ordinary shares on issue		101,123	102,992
- Warrants on issue		51,499	51,499
Weighted average number of ordinary shares on issue adjusted for warrants and net of treasury stock ('000)		152,622	154,491
		<b>\$0.07</b>	<b>\$(0.09)</b>

The Notes to the Financial Statements set out on pages 14 to 21 should be read in conjunction with this Statement of Comprehensive Income.



MARLIN GLOBAL LIMITED

**STATEMENT OF CHANGES IN EQUITY**

FOR THE SIX MONTHS ENDED 31 DECEMBER 2009

	Notes	6 months ended 31/12/09 unaudited \$000	6 months ended 31/12/08 unaudited \$000	Year ended 30/06/09 audited \$000
<b>Total comprehensive income for the period attributable to owners</b>		<b>10,952</b>	<b>(14,192)</b>	<b>6,221</b>
Profit/(loss) for the period		10,952	(14,192)	6,221
<b>Contributions from owners</b>				
- Ordinary shares	2	1	0	0
- Dividends re-invested	2	589	0	0
<b>Distribution to owners</b>				
- Dividends paid		(2,040)	0	0
- Share buybacks	2	(2,749)	(60)	(722)
<b>Movements in equity for the period</b>		<b>6,753</b>	<b>(14,252)</b>	<b>5,499</b>
Equity at beginning of period		100,431	94,932	94,932
<b>Equity at end of period</b>		<b>107,184</b>	<b>80,680</b>	<b>100,431</b>

The Notes to the Financial Statements set out on pages 14 to 21 should be read in conjunction with this Statement of Changes in Equity.



MARLIN GLOBAL LIMITED

**STATEMENT OF FINANCIAL POSITION**

AS AT 31 DECEMBER 2009

	Notes	6 months ended 31/12/09 unaudited \$000	6 months ended 31/12/08 unaudited \$000	Year ended 30/06/09 audited \$000
<b>ASSETS</b>				
<b>Current Assets</b>				
- Cash and cash equivalents		17,227	9,165	10,892
- Trade and other receivables		198	213	1,261
- Current tax receivable		586	0	554
- Investments at fair value through profit or loss	4	89,675	72,551	88,750
<b>Total Current Assets</b>		<b>107,686</b>	<b>81,929</b>	<b>101,457</b>
<b>Non-current Assets</b>				
- Deferred tax asset		414	0	0
<b>Total Non-current Assets</b>		<b>414</b>	<b>0</b>	<b>0</b>
<b>Total Assets</b>		<b>108,100</b>	<b>81,929</b>	<b>101,457</b>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
- Trade and other payables		916	39	1,026
- Current tax payable		0	1,210	0
<b>Total Current Liabilities</b>		<b>916</b>	<b>1,249</b>	<b>1,026</b>
<b>Total Liabilities</b>		<b>916</b>	<b>1,249</b>	<b>1,026</b>
<b>EQUITY</b>				
- Share capital	2	97,291	100,112	99,450
- Accumulated gains/(losses)		9,893	(19,432)	981
<b>Total Equity</b>		<b>107,184</b>	<b>80,680</b>	<b>100,431</b>
<b>Total Equity and Liabilities</b>		<b>108,100</b>	<b>81,929</b>	<b>101,457</b>

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

R L Challinor | Director  
23 February 2010

A M Cotton | Director  
23 February 2010

The Notes to the Financial Statements set out on pages 14 to 21 should be read in conjunction with this Statement of Financial Position.



MARLIN GLOBAL LIMITED

**STATEMENT OF CASH FLOWS**

FOR THE SIX MONTHS ENDED 31 DECEMBER 2009

	6 months ended 31/12/09 unaudited \$000	6 months ended 31/12/08 unaudited \$000	Year ended 30/06/09 audited \$000
<b>Operating Activities</b>			
<i>Cash was provided from:</i>			
- Sale of investments	41,183	33,443	52,932
- Interest received	11	182	184
- Dividends received	352	422	980
- Realised foreign exchange (losses)/gains on cash and cash equivalents	(2,026)	(4,552)	3,999
<i>Cash was applied to:</i>			
- Purchase of investments	(27,698)	(52,598)	(75,667)
- Operating expenses	(1,443)	(991)	(2,019)
- Taxes paid	(67)	(315)	(1,890)
<b>Net cash inflows/(outflows) from operating activities</b>	<b>10,312</b>	<b>(24,409)</b>	<b>(21,481)</b>
<b>Financing Activities</b>			
<i>Cash was provided from:</i>			
- Proceeds from share issues	1	0	0
<i>Cash was applied to:</i>			
- Share buybacks	(2,749)	(60)	(722)
- Dividends paid (net of dividends reinvested)	(1,451)	0	0
<b>Net cash outflows from financing activities</b>	<b>(4,199)</b>	<b>(60)</b>	<b>(722)</b>
<b>Net increase/(decrease) in cash and cash equivalents held</b>	<b>6,113</b>	<b>(24,469)</b>	<b>(22,203)</b>
Cash and cash equivalents at beginning of period	10,892	34,953	34,953
Effects of foreign currency translation on cash balance	222	(1,319)	(1,858)
<b>Cash and cash equivalents at end of period</b>	<b>17,227</b>	<b>9,165</b>	<b>10,892</b>

All cash balances are comprised of short-term cash deposits.

The Notes to the Financial Statements set out on pages 14 to 21 should be read in conjunction with this Statement of Cash Flow.



MARLIN GLOBAL LIMITED

**STATEMENT OF CASH FLOWS CONTINUED**

FOR THE SIX MONTHS ENDED 31 DECEMBER 2009

	6 months ended 31/12/09 unaudited \$000	6 months ended 31/12/08 unaudited \$000	Year ended 30/06/09 audited \$000
<b>Reconciliation of operating profit/(loss) after tax to net cash flows from operating activities</b>			
<b>Net profit/(loss) after tax</b>	<b>10,952</b>	<b>(14,192)</b>	<b>6,221</b>
<i>Items not involving cash flows:</i>			
- (Gain)/loss on revaluation of fair value through profit or loss financial assets	(7,133)	15,769	(3,682)
- Change in deferred tax	(414)	0	0
- Unrealised losses on foreign currency revaluation of dividends receivable	0	(2)	0
	<b>(7,547)</b>	<b>15,767</b>	<b>(3,682)</b>
<b>Impact of changes in working capital items</b>			
- Increase/(decrease) in fees and other payables	749	196	(45)
- (Increase)/decrease in interest, dividends and other receivables	(136)	(138)	380
- (Decrease)/increase in current tax payable	(32)	765	(999)
	<b>581</b>	<b>823</b>	<b>(664)</b>
<b>Items classified as financing activities and investments</b>			
- Net amount paid/(received) for investments	13,485	(23,593)	(20,427)
- Realised (gain)/loss on investments	(7,159)	0	622
- Decrease in purchases of investments payable	0	(3,214)	(2,352)
- Increase in investment sales receivable	0	0	(1,199)
	<b>6,326</b>	<b>(26,807)</b>	<b>(23,356)</b>
<b>Net cash inflows/(outflows) from operating activities</b>	<b>10,312</b>	<b>(24,409)</b>	<b>(21,481)</b>

The Notes to the Financial Statements set out on pages 14 to 21 should be read in conjunction with this Statement of Cash Flow.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2009

## GENERAL INFORMATION

### **Legal Form & Domicile**

Marlin Global Limited (“Marlin Global” or the “Company”) 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 Global is listed on the New Zealand Stock Exchange 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.

Marlin Global’s registered office is disclosed in the Directory.

### **Authorisation of Financial Statements**

The Marlin Global Board of Directors authorised these financial statements for issue on 23 February 2010.

No party may change these financial statements after their issue.

## ACCOUNTING POLICIES

### **Period Covered by Financial Statements**

These financial statements cover the unaudited results from operations for the six months ended 31 December 2009.

### **Statement of Compliance**

The interim 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 New Zealand equivalent to International Accounting Standard 34 (“NZ IAS 34”) and International Accounting Standard 34, *Interim Financial Reporting*.

The interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the Company’s annual financial report for the year ended 30 June 2009.

Amendments to the New Zealand equivalent to International Financial Reporting Standard 7 (“NZ IFRS 7”) and NZ IAS 1 will be applicable in the financial statements for the year ending 30 June 2010. The changes to NZ IFRS 7 will impact the disclosure of investments in the full-year financial statements but not the measurement or recognition. A change to NZ IAS 1 will alter the presentation of primary financial statements but will not affect any balances.

NZ IFRS 9 *Financial Instruments* (the “Standard”) has been issued and is expected to be adopted by the Company for the year ending 30 June 2014. It is not expected to impact the financial statements in the Standard’s current form, although changes may be made to the Standard prior to adoption.

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

There have been no other changes in accounting policies or the basis of preparation from the Company’s full financial statements for the year ended 30 June 2010.

### **Critical Accounting Estimates and Judgements**

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

## Note 1 - Statement of Comprehensive Income

	6 months ended 31/12/09 unaudited \$000	6 months ended 31/12/08 unaudited \$000
<b>(i) Foreign exchange (losses)/gains on cash and cash equivalents</b>		
<i>Foreign exchange (losses)/gains on cash and cash equivalents</i>		
- Unrealised	214	(1,322)
- Realised	(2,026)	4,552
<b>Total foreign exchange (losses)/gains on cash and cash equivalents</b>	<b>(1,812)</b>	<b>3,230</b>
<b>(ii) Net changes in fair value of financial assets</b>		
<i>Fair value through profit or loss - designated</i>		
<i>Equity Investments</i>		
- Unrealised	15,137	(30,909)
- Realised	7,590	(6,833)
<i>Foreign exchange on equity investments</i>		
- Unrealised	(8,218)	16,462
- Realised	(409)	5,425
<b>Total investment gains/(losses)</b>	<b>14,100</b>	<b>(15,855)</b>
<i>Fair value through profit or loss - held for trading</i>		
<i>Foreign exchange contracts</i>		
- Unrealised	0	0
- Realised	(22)	(44)
<b>Total foreign exchange losses on contracts</b>	<b>(22)</b>	<b>(44)</b>
<b>Total net changes in fair value of financial assets</b>	<b>14,078</b>	<b>(15,899)</b>
<b>(iii) Operating Expenses</b>		
Audit fees	13	11
Manager's fees (note 5)	744	376
Performance fees (note 5)	758	0
Directors' fees	66	66
Brokerage and transaction fees	215	282
Custody and NZX fees	75	82
Personnel expenses	44	57
Administration & other	18	16
Investor relations	115	65
Taxation, advisory and legal services	113	27
Interest paid	0	31
<b>Total operating expenses</b>	<b>2,161</b>	<b>1,013</b>

## Note 2 - Share Capital

	6 months ended 31/12/09 unaudited \$'000	6 months ended 31/12/08 unaudited \$'000	Year ended 30/06/09 audited \$'000
<b>Ordinary shares</b>			
Opening balance	99,450	100,172	100,172
Shares issued for warrants exercised	1	0	0
Shares issued under the dividend reinvestment plan	589	0	0
Share buybacks held as treasury stock	(2,749)	(60)	(722)
<b>Closing balance</b>	<b>97,291</b>	<b>100,112</b>	<b>99,450</b>

A dividend of 2 cents per share was paid on 18 September 2009 (6 months to 31 December 2008: nil).

As at 31 December 2009 there were 103,000,500 fully paid Marlin Global Shares on issue (31 December 2008 and 30 June 2009: 103,000,000), including treasury stock of 3,664,751 (31 December 2008: 114,233, 30 June 2009: 1,170,568).

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.

Relating to the period, the following transaction affected issued and paid up capital of the Company:

- (i) On 30 October 2009, Marlin Global announced the continuation of its share buyback programme for its ordinary shares in accordance with section 65 of the Companies Act 1993, for up to 5,000,000 shares between 1 November 2009 and 31 October 2010. At 31 December 2009, a total of 4,418,731 ordinary shares had been purchased at a total cost of \$3,471,178.

### Warrants

As at 31 December 2009 there were 51,499,499 warrants on issue (31 December 2008 and 30 June 2009: 51,499,999). Each Marlin Global warrant held entitles the holder to subscribe for an ordinary share at an exercise price of \$1.00 exercisable in whole or in part subject to a minimum exercise of 500 warrants (or such lesser number as the warrant holder may hold) by the holder lodging with the Share Registrar the notice of exercise of warrant in writing together with payment of NZ\$1.00 for each new share taken up.

Warrants may be exercised on 15 March 2010, 15 June 2010, 15 September 2010 and 31 October 2010 (final exercise date). Any warrants not exercised by or on 31 October 2010 will expire. The fair value of warrants is based on the last trading price at 31 December 2009 was \$0.03 (31 December 2008: \$0.05, 30 June 2009: \$0.06).

Relating to the period, the following transactions affected warrants on issue by the Company:

- (i) On 30 October 2009, Marlin Global announced the continuation of its warrant buyback programme for up to a maximum of 20,000,000 warrants between 1 November 2009 and 31 October 2010. At 31 December 2009 no warrants had been acquired under the programme.
- (ii) For the period ended 31 December 2009, 500 Marlin Global warrants were converted into ordinary shares at \$1 per share.

### Note 3 - Taxation

The tax rate used is the corporate tax rate of 30% payable by New Zealand corporate entities on taxable profits under New Zealand tax law (31 December 2008: 30%, 30 June 2009: 30%).

### Note 4 - Investments at fair value through profit or loss

	31/12/09 unaudited \$000	31/12/08 unaudited \$000	30/06/09 audited \$000
<i>Investments at fair value through profit or loss are summarised as follows:</i>			
<b>Financial assets at fair value through profit or loss - designated</b>			
Cost of international listed equity investments	84,467	94,144	90,454
Unrealised gains/(losses) on international listed equity investments	5,213	(21,593)	(1,703)
<b>Financial assets at fair value through profit or loss - held for trading</b>			
Fair value of foreign currency contracts and unsettled transactions	(5)	0	(1)
<b>Total investments at fair value through profit or loss</b>	<b>89,675</b>	<b>72,551</b>	<b>88,750</b>

## OTHER DISCLOSURES

### Note 5 - 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 Global is Fisher Funds Management Limited ("Fisher Funds" or the "Manager"). Fisher Funds is a related party by virtue of common directorship and a management contract.

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 ("GAV"), calculated weekly and payable monthly in arrears. This management fee will be 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 GAV for that period.

Management fees paid or payable (inclusive of GST) to Fisher Funds for the six months ended 31 December 2009 totalled \$744,226 (six months to 31 December 2008: \$375,985, year to 30 June 2009: \$1,260,161). During the period to 31 December 2009, the management fee was calculated and invoiced at 1.25% of GAV (31 December 2008: 0.75%, 30 June 2009: 1.25%).

A performance fee of \$758,223 has been accrued for the six months ended 31 December 2009 (six months to 31 December 2008: nil, year to 30 June 2009: nil). This provisional amount will only be paid if the Manager exceeds performance benchmarks for the full financial year.

Marlin Global's corporate management team are employed by Fisher Funds to provide management services to Marlin Global. The corporate team's remuneration is recharged by Fisher Funds and the cost for the six months ended 31 December 2009 was \$44,329 (six months to 31 December 2008: \$57,005, year to 30 June 2009: \$109,076). These costs do not include any key management personnel compensation.

The Directors of Marlin Global 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 a Directors fee.

## Note 6 - 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, credit risk and liquidity risk.

The management agreement between Marlin Global 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.

### *Capital Risk Management*

The Company's objective when managing capital is to safeguard its ability to continue as a going concern.

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 period.

***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.

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

***Currency and Price Risk***

The Company holds assets denominated in international currencies. It is therefore exposed to currency risk as the value of international denominated equities and cash held in international currencies will fluctuate with changes in the relative value of the New Zealand dollar compare to the international currencies.

The Company is exposed to the risk of fluctuations in the underlying value of its listed portfolio companies.

***Interest Rate Risk***

Short-term deposits potentially subject the Company to interest rate risk. The Company invests surplus cash in the New Zealand money market (short-term investments only) and interest income is therefore subject to changes in local interest rates. The Company may use short-term fixed rate borrowings to fund investment opportunities. There is no hedge against the risk of downward movements in interest rates.

***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.

***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 as necessary by short-term borrowings from a registered bank to a maximum value of 20% of the Gross Asset Value of the Company. To date, no such borrowings have been required.

### Note 7 - Net Asset Value

The unaudited Net Asset Value per share of Marlin Global as at 31 December 2009 was \$1.08 per share (31 December 2008: \$0.78, 30 June 2009: \$0.99).

The unaudited diluted Net Asset Value per share of Marlin Global as at 31 December 2009 was \$1.05 per share (31 December 2008: \$0.85, 30 June 2009 \$0.99).

The diluted Net Asset Value describes the effect if all warrants were exercised on the date of calculation of the Net Asset Value at \$1.00.

### Note 8 - Subsequent Events

There were no events subsequent to 31 December 2009 which require adjustment of, or disclosure in, the financial statements (31 December 2008 and 30 June 2009: None).

The unaudited Net Asset Value per share of Marlin Global as at the last reported date of 16 February 2010 was \$1.11 per share (diluted: \$1.08).

## Accountants' Report

To the shareholders of Marlin Global Limited

We have reviewed the interim financial statements (the "financial statements") on pages 9 to 21. The financial statements provide information about the past financial performance and cash flows of Marlin Global Limited (the "Company") for the period ended 31 December 2009 and its financial position as at that date. This information is stated in accordance with the accounting policies set out on pages 14 and 15.

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 review 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 accountants' 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 review procedures, for this report, or for the opinions we have formed.

### Directors' responsibilities

The Company's Directors are responsible for the preparation and presentation of the financial statements that present fairly the financial position of the Company as at 31 December 2009 and its financial performance and cash flows for the period ended on that date.

### Accountants' responsibilities

We are responsible for reviewing the financial statements presented by the Directors in order to report to you whether, in our opinion and on the basis of the procedures performed by us, anything has come to our attention that would indicate that the financial statements do not present fairly the matters to which they relate.

### Basis of opinion

A review is limited primarily to enquiries of company personnel and analytical review procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit on the financial statements and, accordingly, we do not express an audit opinion.

We have reviewed the financial statements of the Company for the period ended 31 December 2009 in accordance with the Review Engagement Standards issued by the New Zealand Institute of Chartered Accountants.

We have no relationship with or interests in the Company other than in our capacity as accountants conducting this review and in our capacity as auditors under the Companies Act 1993.

### Review opinion

We have reviewed the financial performance and cash flows of the Company for the period ended 31 December 2009 and its financial position as at that date.

Based on our review, nothing has come to our attention that causes us to believe that the financial statements do not present fairly the financial position of the Company as at 31 December 2009 and its financial performance and cash flows for the period ended on that date in accordance with International Accounting Standard 34 and New Zealand Equivalent to International Accounting Standard 34, *Interim Financial Reporting*.

Our review was completed on 23 February 2010 and our review opinion is expressed as at that date.

# directory

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## Nature of Business

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

## Manager

*Fisher Funds Management Limited*

Level 2, 95 Hurstmere Road  
PO Box 33 549  
Takapuna  
Auckland 0740

## Corporate Manager

Nivedita Findlay

## Directors

### Independent Directors

Rob Challinor (Chairman)  
Annabel Cotton  
Ian Hendry

### Director

Carmel Fisher

## Registrar

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

*Computershare Investor Services Limited*

Level 2, 159 Hurstmere Road  
Takapuna  
Private Bag 92119  
Auckland 1142  
Phone: 09 488 8700  
Email: [enquiry@computershare.co.nz](mailto:enquiry@computershare.co.nz)

## Auditors

*PricewaterhouseCoopers*

188 Quay Street  
Auckland 1010

## Solicitors

*Chapman Tripp*

Level 35  
23-29 Albert Street  
Auckland 1010

*Hesketh Henry*

Level 11  
41 Shortland Street  
Auckland 1010

## Bankers

*Australia New Zealand Banking Group Limited*

Level 9, ANZ Tower  
215-229 Lambton Quay  
Wellington City 6011

## Investor Enquiries

*Marlin Global Limited*

Level 2, 95 Hurstmere Road  
PO Box 33 549  
Takapuna  
Auckland 0740  
Phone: 09 484 0365  
Fax: 09 489 7139  
Email: [enquire@marlin.co.nz](mailto:enquire@marlin.co.nz)  
Website: [www.marlin.co.nz](http://www.marlin.co.nz)

## Direct crediting of dividends

To minimise the risk of fraud and misplacement of dividend cheques, shareholders are strongly recommended to have all payments made by way of direct credit to their nominated bank account. This can be done by notifying the share registrar in writing.

