



**Minutes of Annual Shareholders Meeting of Marlin Global Limited held at the Ellerslie Event Centre, Auckland on Wednesday 22<sup>nd</sup> October 2008 commencing at 10.30am**

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**PRESENT**

Directors

Rob Challinor - Chairman  
Annabel Cotton  
Ian Hendry  
Carmel Fisher

Shareholders and invitees

168 Shareholders and accompanying guests

4 Invitees

12 Visitors

**IN ATTENDANCE**

Ken Applegate	- Fisher Funds Management Limited (Portfolio Manager – International Equities)
Nivedita Findlay	- Marlin Corporate Manager/Company Secretary
Bruce Baillie	- PricewaterhouseCoopers – Auditor
Philip Taylor	- PricewaterhouseCoopers – Auditor
Darren White	- Deloitte – Taxation Consultant
Jason McGarvey	- Deloitte – Taxation Consultant

**PRELIMINARY**

The Chairman:

- Welcomed shareholders and invitees to the meeting;
- Introduced the Directors and Corporate Manager;
- Advised of venue safety procedures and administrative matters;
- Announced that 3,734,992 proxies had been received from 262 shareholders;
- Noted that the Notice of Meeting had been circulated to shareholders and confirmed that a quorum was present;
- Outlined the meeting conduct and declared the meeting open;
- Noted that the 2008 Annual Report containing the financial statements and Auditors report thereon for the year ended 30 June 2008 had been circulated to shareholders;
- Mentioned, that in the circumstances, it gave Directors no pleasure to present the result for the year, or to provide an update on performance to 30 September.

## **CHAIRMAN'S ADDRESS**

The Chairman:

- Reiterated that Marlin was a unique Company. The Company had achieved a diversified portfolio of companies in different countries and different industries. The companies were well researched with a focus on long term earnings growth. Marlin was a long term investor with the investing horizon of 3-5 years;
- Outlined the company's milestones since listing on the stock exchange on 1 November 2007;
- Outlined the results to 30 June 2008 commenting on the decline in the NAV and the decline in the portfolio value by \$5m for the period.
- Provided an update on the NAV per share and share price at 30 September and 14 October;
- Commented that 92% of the total funds were invested in 30 stocks – 10 in Asia, 10 in United States and 10 in Europe;
- Presented graphs of the share price and NAV performance since listing and explained that the share price had suffered a “double whammy” which refers to the Company trading at the discount, as well as the underlying portfolio companies trading at a discount also;
- Explained the capital management alternatives available to the company – which included implementing the share buyback and warrant buyback programmes that will commence when the manager believed it appropriate to do so;
- The presentation concluded with a comparison of the performance of the portfolio with various global Indices.

## **MANAGER'S ADDRESS**

Ken Applegate, representing the Manager:

- Explained why two stocks were sold during the year due to bad fundamentals performance and poor stock performance – Jamba and Midland Holdings;
- Commented on the companies that had grown in earnings but the stock price had not reflected this – Hyflux, Midas Holdings, Conceptus and Jumbo;
- Commented on the selling of Sciele Pharmaceuticals at a 60% premium to share price;
- Commented on the 3 stocks in the portfolio that were up – Ebix, Icon PLC and OSI Pharmaceuticals;
- Commented on the weakening NZ Dollar and spoke of how the Company had moved the majority of its cash holdings offshore whilst the NZ Dollar was high;
- Highlighted the 4 mega trends that the Company believes will drive the portfolio. These were:
  - Urbanisation in China
  - Successful US businesses implementing global strategies
  - Healthcare companies
  - Leaders in niche markets;
- Suggested that the Warren Buffett article, handed out to attendees, contained some of the best investment advice available;
- Commented on the portfolio companies predicted earnings growth their P/E ratio and the underlying companies dividend yield;
- Concluded that volatile stock market action had resulted in a decoupling of stock prices and that the market will return to a rational environment and then companies share prices will reflect their true value.

## QUESTIONS

The Chairman declared the meeting open for questions.

A shareholder asked if the Manager had included the profit Marlin would have made from the exchange rate.

Ken Applegate explained that the exchange rate profit or loss was taken into account on a weekly basis in working out our net asset value and that all the comparisons against the other indices were in NZ Dollar terms, therefore it was an apples v apples comparison.

A shareholder enquired if the unspent cash resources of the Company, which was around 33% a while ago, were held in US Dollars or in NZ Dollars?

Ken Applegate answered that they were held in various currencies depending on where the manager anticipated the next investment would be made.

A proxy holder asked if the Portfolio Manager could give an update on the country split proportion, in particular for China because it was quite significant.

Ken Applegate responded that the portfolio is split is 10 companies in each of the three regions; 10 in Asia, 10 in the US and 10 in Europe. The companies in Asia are larger weightings in the portfolio, approaching half, and the others are split relatively evenly between the US and Europe.

A shareholder asked if the buyback included the 20 million options announced on the previous day and if the Chairman would provide some comment on the intentions regarding the buyback of 20 million options.

The Chairman reminded those present that one free option was issued for every two shares when the company floated, that they are currently traded in the market and that they give holders the right to convert to ordinary shares up to October 2010. The Chairman stated that many things need to be taken into consideration when the Board considers the buyback of options. The Chairman went on to explain that he didn't think it was the right time to be buying back warrants and that it was more logical to buy back shares.

A shareholder asked if there was an intention of issuing further options.

The Chairman replied that the Company had no intention of issuing further options.

A shareholder recalled that for Kingfish there were quite a lot of warrants bought back which were quite expensive, like a reverse dividend, not to the benefit of the shareholders and not as appealing as buying back shares.

The Chairman replied that the Kingfish buyback programme was successful based on the Net Asset Value.

A shareholder enquired into the long term future of Fisher Funds.

The Chairman explained the difference between Marlin and Fisher Funds and invited Carmel Fisher to answer the shareholder's question.

Carmel Fisher responded that the long term future for Fisher Funds had never looked better. She reminded the attendees that Fisher Funds had been started 10 years ago with \$17 million under management and about 20 clients and that now Fisher Funds had 30,000 investors and close to \$600 million under management. She reflected that at the beginning of the year there were 1 billion dollars under management but most of that fall had come about due to market falls, not from investors leaving in droves. She went on to say that she was delighted with the support from investors and liked to think that part of that is because they

understand that the company is a long term investor. She also stated that, in her opinion, Fisher Funds had the best investment team in the country; and that it had diversified away from the risk of just having herself as being the sole investment manager.

A shareholder responded to Carmel Fisher, informing her that some investors had part of their investments for the future of their grandchildren. Carmel Fisher replied that she had invested her daughters' funds as well and they are 7 years old and 10 years old so she had to be around for quite a long time to manage their money.

The Chairman clarified that shares and funds are held by Marlin's trustees, Trustees Executors, in Marlin's name. Fisher Funds manages the funds but does not hold any shares or money for Marlin.

A shareholder asked if the Board had considered a rights issue. The Chairman answered the Board had not considered a rights issue, but the Company was diversified into various countries, and that a rights issue would likely only increase the company's funding in the same current stock proportions. He added that warrant holders exercising their warrants would have the same effect.

A proxy holder asserted that a company normally buys back its shares when it does not have any investment possibilities for the cash that it's got but Marlin has 90% of the world economy at its feet. He added that he thought the Marlin should be looking to increase the scope of the company rather than reduce it by buying back. He also stated that for every buyback that he had ever seen the share price has been lower than the shares which have been brought back when he looked at the annual report the following year.

Ken Applegate agreed that it was a wonderful opportunity and if one looked at the investments right now the company is essentially fully invested. He explained that if Marlin were to buyback now, it was essentially buying back those same companies that the Manager thinks are the best investments in the world at a 20-25 percent discount.

A shareholder compared Marlin to WAM capital (Wilson Asset Management) and said that eventually warrant holders would make money out of the warrants and that the buybacks will help the company when they introduce a dividend reinvestment plan.

He went on to ask if the company had considered capital preservation strategies. Ken Applegate responded that the company does look at capital management and capital growth, and that it had slowly invested the proceeds over the last year which had really helped absorb risk and given the company really good buying opportunities during the tough market environment, therefore getting some really good companies at cheap prices. He also explained that there were no automatic rules regarding investments such as double your money and out, rather that they thoroughly research companies, meet with their management, "scrub" the financials and make sure that he (the Manager) has conviction in the companies in which he (the Manager) invests. He also explained that in two instances these facts had changed therefore he (the Manager) sold out of those companies and that capital preservation sounds good in hindsight but it can often be very limiting in managing a long term portfolio.

A shareholder asked if it was likely that small companies would lead the economy out of its current cycle and if it was likely that there would be a large increase at a certain stage in the cycle.

Ken Applegate agreed that small cap companies typically lead out of an economic recession to an economic expansion and that investors get outsized returns in

that part of the cycle. Ken reminded all present that the Manager doesn't necessarily look for small cap stocks, but for smaller companies as well - ones that are undiscovered or overlooked by others.

## **ELECTION OF DIRECTORS**

The Chairman advised that under the constitution, one third of the independent directors must retire by rotation. Annabel Cotton retired by rotation and, being eligible, offered herself for re-election.

Annabel Cotton addressed the meeting.

It was moved and seconded, "THAT Annabel Cotton be re-elected as a director of Marlin Global Limited"

Rob Challinor declared the motion unanimously carried by a show of hands.

## **APPOINTMENT AND RENUMERATION OF AUDITOR**

The Chairman advised that PricewaterhouseCoopers are automatically re-appointed auditor of the company for the year ending 30 June 2009, but a resolution was required in respect of their remuneration.

It was moved and seconded "THAT the auditor's remuneration is left in the hands of the directors".

The Chairman declared the motion unanimously carried by a show of hands.

## **GENERAL BUSINESS**

The Chairman invited members to raise matters of a general nature. Discussion followed relative to a number of matters including:

A shareholder, referring to Hyflux obtaining \$1.5billion forward work over 3 years, asked how Hyflux would ensure they get a good price when there was strong competition in China.

Ken Applegate stated that the contract Hyflux had won was to build the largest desalination plant in Algeria, a contract they won against the big multinationals. He went on to say that Hyflux doesn't compete with the big multinationals in Shanghai and Beijing but rather, medium sized players in the tier two and tier three sized cities.

## **CLOSURE**

The Chairman thanked attendees and invited those present to join the Directors for light refreshments. The meeting was declared closed at 11.40pm.

CONFIRMED by Board resolution, 18 November 2008:



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Chairman