maclin

growing globally

ANNUAL REPORT 2014

marlin
growing globally

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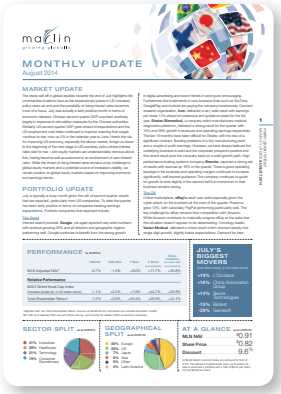
AT A GLANCE

at 30 June 2014

NAV per Share $0.91

Share Price $0.83

Discount 9.1%


MONTHLY UPDATE
August 2014

MARKET UPDATE

PORTFOLIO UPDATE

PERFORMANCE

JULY'S BIGGEST MOVERS

SECTOR SPLIT

GEOGRAPHICAL SPLIT

AT A GLANCE

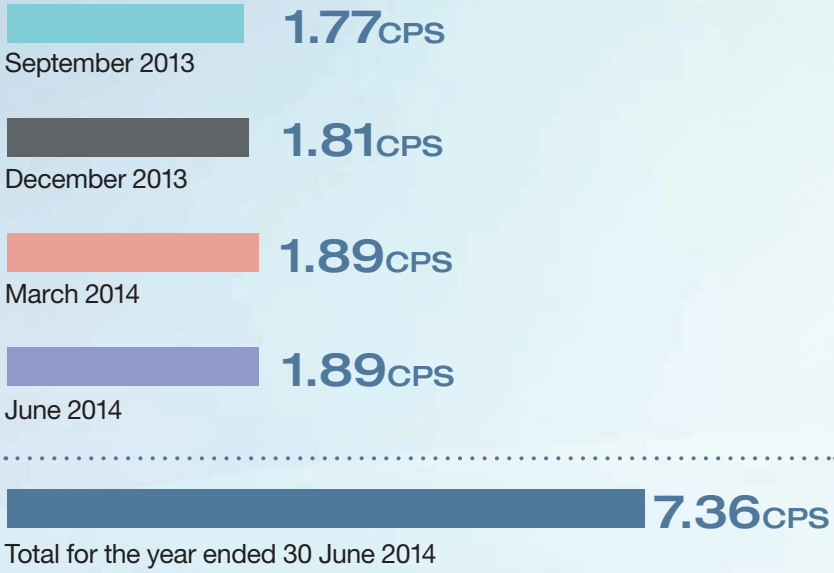
MONTHLY UPDATE

Each month we produce a summary of what has occurred over the month, including significant market news and developments to Marlin's portfolio. If you would like to subscribe to our monthly update please email update@marlin.co.nz

The information contained in this annual report is provided for information purposes only and does not constitute an offer, invitation, basis for a contract, financial advice, other advice or recommendation to conclude any transaction for the purchase or sale of any security, loan or other instrument. In particular, the information contained in this annual report is not financial advice for the purposes of the Financial Advisers Act 2008 and should not be relied upon when making an investment decision. Professional financial advice from an authorised financial adviser should be taken before making an investment.

DIVIDENDS PAID

during the year ended 30 June 2014 (cents per share)



2014/2015 CALENDAR

Next Dividend Payable	26 September 2014
Annual Shareholders' Meeting	31 October 2014, 10:30am Ellerslie Event Centre, Auckland
September Quarter Update Newsletter	November 2014
Interim Period End	31 December 2014
Interim Report to 31 December 2014	March 2015
March Quarter Update Newsletter	May 2015

ABOUT THE COMPANY

Marlin Global Limited ("Marlin" or "the company") is a listed investment company that invests in growing companies based outside New Zealand and Australia. The Marlin portfolio is managed by **Fisher Funds Management Limited** ("Fisher Funds" or "the Manager"), a specialist investment manager with a track record of successfully investing in growth company shares. The aim of Marlin is to offer investors competitive returns through capital growth and dividends, and access to a diversified portfolio of investments through a single tax-efficient investment vehicle. Marlin listed on the NZX Main Board on 1 November 2007 and may invest in companies that are listed on any approved stock exchange (excluding New Zealand or Australia) or unlisted companies not incorporated in New Zealand or Australia.

INVESTMENT OBJECTIVES

The key investment objectives of Marlin are to:

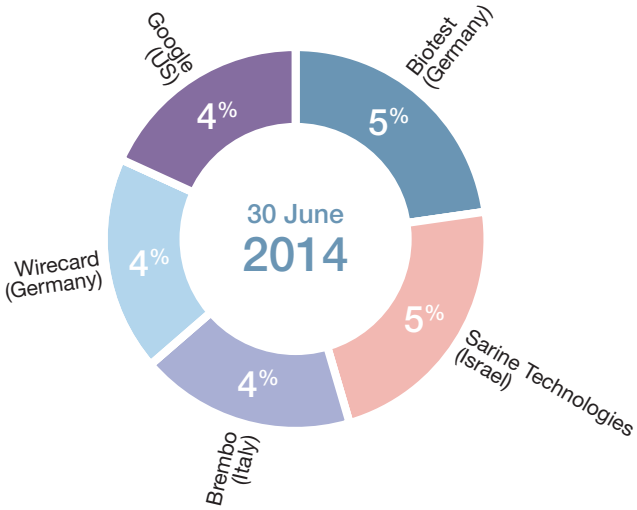
- Achieve a high real rate of return, comprising both income and capital growth, within risk parameters acceptable to the directors; and
- Provide access to a diversified portfolio of international growth stocks through a single tax-efficient investment vehicle.

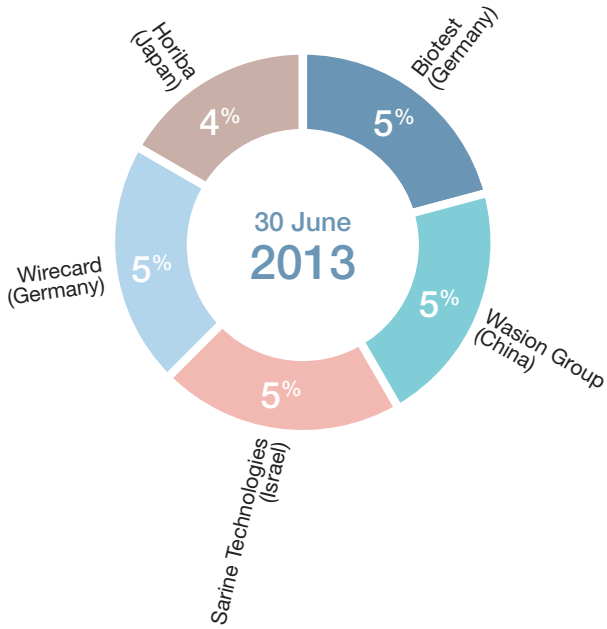
INVESTMENT APPROACH

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

- Invest as a medium to long-term investor selling only on the basis of a fundamental change in the original investment case;
- Invest in companies that have a proven track record of growing profitability; and
- 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.

TOP FIVE INVESTMENTS





DIRECTORS' OVERVIEW

The Board has been pleased to report a second successive year of good returns for Marlin shareholders following a disappointing 2012. The turnaround has been achieved through a change in focus within the portfolio and reflects well on the decision-making of the management team.

The team's focus has been on ensuring the portfolio comprises companies with sustained competitive advantages, strong fundamentals and extensive growth prospects, whilst reducing portfolio risk by decreasing the weight of less liquid stocks. There has been an increased exposure to larger-cap growth stocks which should result in lower levels of earnings volatility over an economic cycle.

Portfolio performance needs to be judged over the medium to longer term, and short-term outcomes (such as for a 12 month period) can be impacted by particular factors and short-term circumstances. In this context, we note the five-year performance chart on page 7 which shows four years of strong performance with 2012 as the notable exception.

The portfolio value for the 2013/14 financial year was up 11.9% after adjusting for dividends of 7.36 cents per share, which was marginally behind the MSCI World Small Cap Gross Index (up 12.6% over the same period).

Full Year Result

Net profit for the year ended 30 June 2014 has been reported at $11.1m, an increase over the $9.5m reported for the previous year.

Marlin's key performance ratios show a total shareholder return (TSR)* of 28.5% and a growth in adjusted net asset value (NAV)* of 11.9% over the year.

Five-Year Summary

Figure 2 (on page 7) summarises the five-year performance history for the years ended 30 June 2010-2014 and, as referred above, shows good portfolio performance across four of these five years.

Since Inception

Portfolio performance over the medium to longer term is of interest to shareholders and we note that since inception in November 2007, Marlin's adjusted NAV* is up 31.7%, ahead of the MSCI World Small Cap Gross Index for the same period of 27.3%.

A total of 32.24 cents per share has been paid out to Marlin shareholders in dividends during this seven year period, contributing to a positive TSR* of 25.6%.

Figure 1 (on page 7) tracks the Marlin share price, dividends paid and TSR*, over the period since inception.

**Adjusted NAV and TSR assume all dividends are reinvested, but exclude imputation credits.*

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.

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.

Total Shareholder Return (TSR)

TSR is calculated using the share price performance and adds back dividends paid to shareholders.

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.

Alistair Ryan, Chairman.

DIRECTORS' OVERVIEW CONTINUED

Share Price Discount

Marlin's share price has gained ground during the last 12 months, resulting in the discount to NAV reducing from almost 20% at 30 June 2013 to just under 10% at 30 June this year.

Share Buybacks

Marlin's share buyback programme is a capital management initiative which is triggered when the share price discount exceeds 10%. During the 2013/14 year, a total of 3.6m shares were bought back at an average price of $0.78 cents per share.

Dividends 2013/14

In accordance with Marlin's distribution policy (2.0% of average NAV paid four times per annum), the company paid 7.36 cents per share in dividends during the year.

The next quarterly dividend payment of 1.84 cents per share has a payment date of 26 September 2014 and a record date of 12 September 2014.

Marlin's distribution policy provides a regular and reliable income stream to shareholders irrespective of underlying portfolio performance and/or volatility, and shareholders who prefer to have increased capital rather than a regular income stream have the opportunity to participate in the company's dividend reinvestment plan.

Revenues and Expenses

The key components of the full year result were gains on financial assets of $14.2m, dividend and interest income of $1.5m, less foreign exchange losses on cash of $1.0m and operating expenses and tax of $3.6m. Within gains on financial assets is a foreign exchange gain of $1.4m arising from currency hedging cover put in place to protect the portfolio against fluctuations in the NZD/EUR and NZD/JPY exchange rates.

The Manager has discretion, within the limits and controls set in its Foreign Exchange Risk Management Policy for Marlin, to purchase or sell forward foreign exchange contracts to facilitate the management of the portfolio and to mitigate any foreign exchange risk.

Performance Fee

In accordance with the Management Agreement, and in addition to the normal management fee, Marlin's Manager, Fisher Funds, earned a performance fee of $842,890 (including GST) for achieving a return for the year in excess of the Bank Bill Index plus 5% and above the High Water Mark (the highest NAV at the end of the previous financial year in which a performance fee was paid, adjusted for changes in capital). Fisher Funds have used 25% of the performance fee to acquire Marlin shares on-market.

Governance

The Board constantly monitors the performance of the Manager both in terms of portfolio outcomes and compliance with the Investment Mandate and the Management Agreement.

The Board's Investment Committee engages with the Manager on a six-monthly basis to formally review and consider overall portfolio strategy and performance.

Annual Shareholders' Meeting

The Annual Shareholders' Meeting will be held on Friday 31 October 2014 at 10:30am at the Ellerslie Event Centre in Auckland. All shareholders are encouraged to attend with those who are unable to attend invited to cast their vote on company resolutions prior to the meeting.

Shareholders who have elected to receive their annual report electronically will automatically be given the opportunity to cast their vote online.

Conclusion

Further details of the Marlin portfolio and changes to it are discussed within the Manager's Report.

We look forward to seeing many of you at our Annual Shareholders' Meeting where further information on the operations of the company and an update on performance will be presented.

On behalf of the Board,

Alistair Ryan
Chairman
Marlin Global Limited
15 September 2014

FIGURE 1: TOTAL SHAREHOLDER RETURN

The total shareholder return graph below assumes all dividends are reinvested, but excludes imputation credits:

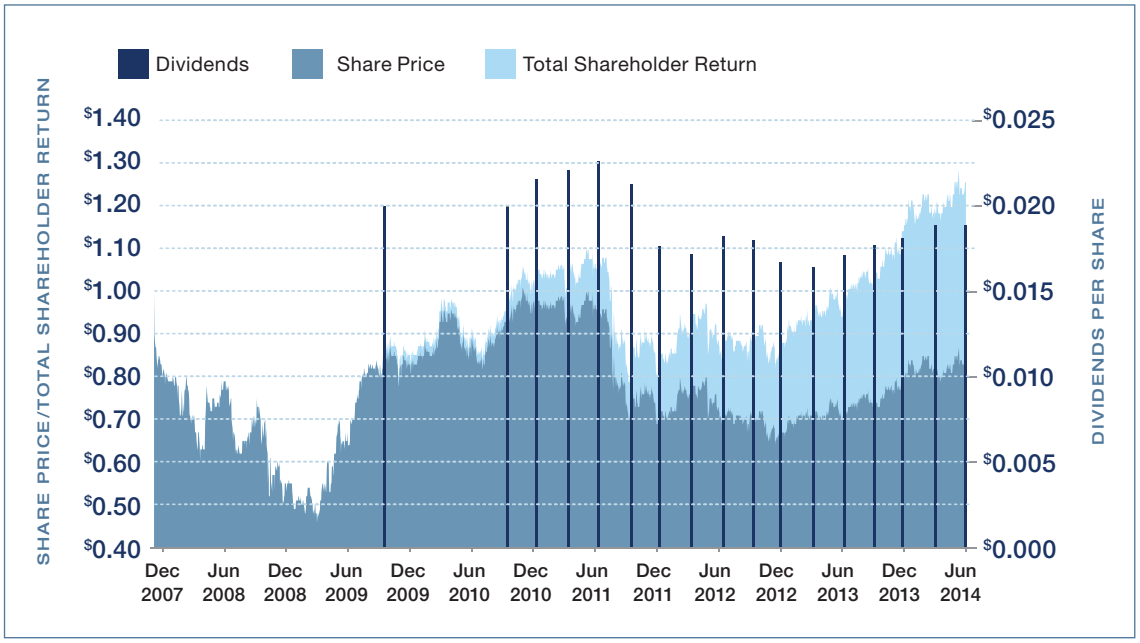


FIGURE 2: FIVE-YEAR PERFORMANCE SUMMARY

As at 30 June	2014	2013	2012	2011	2010
Audited NAV	$0.91	$0.88	$0.86	$1.06	$1.08
Adjusted NAV*	$1.28	$1.15	$1.04	$1.17	$1.10
Share Price	$0.83	$0.71	$0.70	$0.95	$0.83
Share Price Discount to NAV*	9.1%	19.6%	19.1%	10.6%	22.9%

For the year ended 30 June	2014	2013	2012	2011	2010
Total Shareholder Return*	28.5%	12.2%	(18.4%)	25.5%	15.0%
Adjusted NAV Return*	11.9%	10.6%	(11.5%)	6.7%	11.3%
MSCI World Small Cap Gross Index* *(in NZ dollar terms)*	12.6%	26.4%	(5.3%)	14.3%	14.1%
NZ 90 Day Bank Bill Index +5%*	7.8%	7.7%	7.8%	8.1%	7.8%
Dividends Paid in Year	7.36cps	6.82cps	7.43cps	8.63cps	2.00cps
Audited Earnings per Share	10.46cps	8.96cps	(11.57cps)	7.66cps	10.64cps

**Reviewed by an independent actuary.*

NB: NAV and Adjusted NAV are net of fees and tax, and include the dilution effect of warrants exercised.

MANAGER'S REPORT

The strong performance in global equity markets over the last year has been a tale of two halves. The first half of the financial year (last half of the 2013 calendar year) saw equity markets march higher as investors felt comfortable taking on more risk, monetary policy remained accommodative and global economic conditions continued to gradually improve.

The second half of the financial year (first half of the 2014 calendar year) saw equity markets grind higher against a wall of worries including a severe winter in the US, geopolitical tensions in Europe, elevated valuation levels and the spectre of rising interest rates. The New Zealand dollar remained in a firm uptrend against most currencies over the year supported by a strengthening economy and rising interest rates. The New Zealand dollar appreciated 13.0% against the US dollar and 7.5% against the Euro over the year. Marlin's adjusted NAV* rose 11.9% over the same period. The strong currency detracted significantly from returns this year.

Market Review

The investment world was generally a happy place in the last half of 2013. The global economy continued to recover and broad-based improvements in business and consumer confidence suggested that the improvement in manufacturing and consumer activity would be sustained. In general, economic surprises were positive and there were no significant distractions for asset markets. This allowed the global equity markets to continue to rerate with the MSCI World Small Cap Gross Index up nearly 20% in US dollars in the six months to 31 December 2013. The second half of the financial year was a different story with increasing concerns about the momentum of the global recovery complicated by adverse weather in North America, geopolitical tensions in Ukraine, a slowing Chinese economy and the rising risk of higher interest rates in the US.

At a regional level, the US economy showed good momentum in the last half of 2013, stalled significantly in the March 2014 quarter due to the extreme cold weather conditions and then rebounded strongly in the June 2014 quarter. The US share market mirrored these economic fundamentals with a strong price performance when the economy had good momentum, followed by a more volatile market as the economy stalled. Share prices finally demonstrated some buoyancy towards the end of the June 2014 quarter as leading indicators suggested a strong economic rebound. At the same time, investors kept a wary eye on the language and potential actions of the US Federal Reserve. The sting in the tail of strong economic growth, and in particular growth in the labour market and wages, is that it heralds the imminent rise in interest rates and potentially an end to share market gains from equity rerating.

In the last half of 2013 the outperformance of small cap over large cap stocks continued with the Russell 2000 Index up 19% compared with a rise of 15% for the S&P 500. This phenomenon reversed in 2014 with large cap stocks outperforming their small cap counterparts by 4%. Typically, this trend reversal can be a sign of increasing risk aversion as smaller company earnings are often seen as more economically sensitive. However, we do not believe investor risk aversion is rising based on the relative outlook for earnings. Rather, we think the partial reversion of small cap outperformance is driven by better value offered from selected large cap companies.

The European economy showed positive momentum in the last half of 2013, albeit from a low base. Accelerating growth, improving business and consumer sentiment and a promise by European Central Bank president Mario Draghi to do 'whatever it takes' to improve the economies of Europe provided a positive back drop for the European share markets, which duly obliged with the MSCI European Small Cap Index up 23% in this period. However, 2014 has proved to be more challenging. Not only have geopolitical tensions in Ukraine highlighted the fragility of the recovery in Europe but investors also want to see more meaningful action from Draghi. Furthermore, in 2014 key economic indicators have disappointed with growth expectations stalling, particularly in larger European countries such as France and Italy. This environment, if sustained, would provide a significant headwind to corporate earnings growth.

Similarly, the Japanese equity market performed well in the last half of 2013 as the currency weakened by 20% and belief that Prime Minister Abe's economic policies (his three-pronged approach of selective fiscal stimulus, aggressive monetary easing and structural reform, dubbed Abenomics) would lead Japan out of a 25-year economic malaise. Unfortunately, he can

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

only claim partial success with the lack of structural reform causing investors to become less optimistic about the future for the Japanese economy.

Whereas most developed equity markets performed well in 2013 and have subsequently struggled in 2014, the opposite can be said about the emerging markets. The rebound in emerging market equities after nearly four years of poor performance reflects good relative value rather than a significant change in their economic outlook. The stabilisation in the Chinese economy and high expectations for reform in India have been key factors behind the reversal in fortunes in emerging markets, but both economies still have significant challenges ahead. Even so, capital flows into these markets continue to support their equity markets.

Portfolio Update

The focus for the last financial year was to deliver Marlin shareholders a portfolio of high quality businesses, with sustainable moats, long growth runways and strong track records of executing a sound business strategy. At the same time, we have attempted to maintain a keen discipline of not overpaying for growth or quality. This approach has been applied to both new portfolio stocks as well as existing holdings and has resulted in a reasonable amount of turnover in the portfolio.

During the year, we added nine stocks and exited 11. There has been a recent trend towards adding larger capitalisation stocks to the portfolio. This hasn't been a particular focus; rather, the 2½ years of underperformance of larger cap stocks relative to small caps meant we could find better value in high growth mid-to-large cap companies with strong STEEPP characteristics. The other notable trend has been to increase our weighting in US stocks. This has been a focus. US companies have been underrepresented in the Marlin portfolio and it has been our objective to redress this within our strict guidelines. In this respect we initiated positions in eBay, Google, Varian Medical Systems, United Parcel Service (UPS), Harley Davidson, Hibbett Sports, Plantronics and Sirona Dental Systems.

eBay is the world's largest online marketplace with over 100 million active users and the world's leader in online payments through its subsidiary PayPal. With PayPal they are well positioned to benefit from the rising trend to mobile payments. eBay has an enviable track record of value creation, generates strong cash flow and is expected to grow at a healthy 15% for the next 3-5 years.

Google is the world's leading internet search provider, the most visited web property and the largest global advertising platform by advertising revenue. Google is a strong STEEPP stock which generates returns on invested capital close to 40% and has a track

> **"The focus for the last financial year was to deliver Marlin shareholders a portfolio of high quality businesses, with sustainable moats, long growth runways and strong track records of executing a sound business strategy."**

Roger Garrett, Senior Portfolio Manager.

MANAGER'S REPORT CONTINUED

record of technological innovation and excellence. Google has strong moats arising from its brand, advertising reach and compelling value proposition to advertisers. Further, the company has been very adept at innovating and acquiring in order to protect their online advertising business.

Varian Medical Systems is the world's leading oncology systems provider, with a portfolio of products that treat cancer through radiotherapy. Varian is exposed to strong long-term trends of ageing populations and increasing incidence of cancer. Varian has significant growth opportunities in emerging markets as healthcare spending increases and they will benefit from an upgrade cycle in their more traditional markets as new technologies provide improved patient outcomes.

UPS is the world's largest package delivery company and operates in over 220 countries and territories with its fleet of 100,000 ground vehicles and approximately 530 aircraft. UPS has a leading market position (50% market share) in the US small parcel market, which is a near duopoly. Barriers to competitors entering and creating a competing delivery network are very high and as a result the market dynamics are rational. Both UPS and FedEx have been able to push through annual price increases ahead of inflation for the last 10 years. Furthermore, UPS has a strong growth runway supported by strong growth in e-commerce, which accounts for 40% of UPS' small parcel volumes. UPS is run by a very well-regarded and longstanding management team that has a strong focus on return on capital.

Ashley Gardyne,
Senior Investment Analyst.

We also initiated a position in well-known US motorcycle manufacturer, **Harley Davidson**. They have a dominant market share in touring bikes, with a strong brand and compelling growth opportunities outside their main US market. The company has come out of a period of stress as a leaner, more efficient company with significantly more focus on delivering a strong value proposition to their customer base. There is considerable leverage in Harley Davidson to a lift in consumer demand.

Also in the US we initiated a position in **Hibbett Sports**, a sporting goods store operator in smaller-sized towns in the south and mid-west of the US where it has established a local dominance in the sporting apparel market selling well-known labels like Nike, Adidas and North Face. Hibbett is a key distribution channel for these brands to reach their target market. The company's dominance of its geographic market niche confers a strong moat as many of their stores are in towns that can only support one player. Store expansion drives further growth opportunities.

In the US we also bought US technology company **Plantronics**, the world's leading manufacturer of hi-tech headsets. The company has an established history of superior technological innovation, with Neil Armstrong having spoken the first words from the moon using a Plantronics headset. The communications world is on the cusp of a step

> **"A large part of the strong returns in share markets over the last two years have come from equity valuations moving higher. The challenge now is for companies to deliver robust earnings growth in order to sustain or even increase these valuations."**

change in technology as new systems developed by industry leaders Microsoft and Cisco aim to integrate voice, data and multimedia into a single unified communications technology, saving costs and improving worker efficiency. Unified communications is forecast to grow strongly over the next decade and key to its successful implementation is the use of hi-tech headsets. Plantronics has developed significant technology and scale advantages, is a clear leader in its field and offers quality exposure to this high growth market.

We initiated a position in European healthcare company **Sirona Dental Systems**, a world leading dental equipment provider. Sirona has an enviable record of innovation and dominance in dental technology markets. The company offers the most technologically advanced product portfolio on the market, including the CEREC line of chairside computer assisted design restoration systems, digital x ray systems, dental treatment centres and instruments. Sirona has a strong record of profitable growth and the long-term demand for its products is supported by the productivity benefits of its systems for dentists and the improved quality of care and convenience for patients

We also invested in **Coloplast**, a Danish medical device company that develops, manufactures and markets ostomy, continence care, urology and wound and skin products. Coloplast operates in an oligopolistic niche market selling high quality low price consumable products to long-term users with low switching tendencies. Their value proposition is compelling providing high quality products that significantly improve the quality of life of patients with chronic conditions, at the cost equivalent of a flat white. They have a strong track record of delivering high total shareholder returns, generate strong free cash flow and have a shareholder friendly capital deployment policy. Further, they continue to generate good traction in the emerging markets, benefiting from increase spend on healthcare.

Exits from the portfolio included **Acino**, a Swiss pharmaceutical company that was subject to a take over by two Norwegian private equity funds. **Ports Design** was also sold due to concerns over a more intense competitive environment, weak inventory management and corporate governance issues.

We exited our position in **Qiagen** on the back of a continued weak growth outlook and strong competition in the diagnostics market. Qiagen has been trying to transition away from its slow growing life sciences business towards more promising business lines in molecular diagnostics. Unfortunately, this transition has been difficult and Qiagen's valuation is high relative to its growth outlook and risks are inherent in the business.

We also exited **PSI**, a German company that develops software solutions and control systems for large networks, mainly in the energy sector. PSI is currently transitioning to a more scalable higher margin business model. However, we believe this transition will be very protracted with significant risks. Given the low trading volumes in the share we felt it prudent to exit the stock.

In Asia, the long awaited relisting of Fook Woo occurred, under their new guise **Integrated Waste Solutions Group**. Following a meeting with the company and given the chequered history and dubious outlook, we sold out of this stock.

We also exited Japanese bike retailer **Asahi**. The company has been hurt by the weakness in the yen as they import all their bikes from China. The competitive landscape in Japan is deteriorating in our view with the larger department stores becoming more proactive and aggressive in their marketing activities. Product defects with their motorised bikes have also hurt their growth outlook and we believe there are better opportunities elsewhere.

We sold our holding in **Travelsky** following a period of strong share price performance. Travelsky has good exposure to rising travel in Asia but is about to embark on a sizeable capex plan that will significantly reduce profitability over the next two years. Their shareholding structure, whereby their key clients are also their main shareholders, limits their pricing potential as well as their potential upside.

In the US we sold our holding in **Autodesk**. Whilst we believe the company has a strong market position, it is currently being caught up in what we believe to be hysteria around software companies that are making the shift to subscription and cloud based business models. Autodesk trades at a 42x forward multiple, up from 19x a year ago and is in a major transition phase which we believe holds significant earnings risks.

MANAGER'S REPORT CONTINUED

Ultimately, we believe the risk and reward balance for Autodesk is poor and therefore would prefer to sit out this transitional period.

Equinix was also sold. It was a strong performer for the portfolio, registering a 75% gain from the beginning of 2012. However, the data centre sector is increasingly characterised by heightened competition and commoditisation of formerly specialist technology. As a result, Equinix showed mixed results through 2013, creating doubt around the sustainability of the company's moats, and its earnings outlook. Given the changing risks, we believed it astute to take profit on the position.

We also sold out of **Dolby**. They historically enjoyed a superior technology advantage in noise reduction technology for sound played back on vinyl records and magnetic cassettes. As sound media has migrated to noise-free digital, this lead has become less meaningful. The erosion of the core noise reduction technology moat, in combination with adverse volume dynamics in playback devices, have led us to sell Dolby in favour of stronger new technology companies.

Finally we exited **Valid**. They enjoyed first mover advantage in the production of credit, debit and loyalty cards in the high growth Brazilian consumer market. However, the Brazilian consumer showed increasing signs of financial stress from mid 2012, negatively influencing demand for additional cards, while alternative card suppliers entered the market. Valid's response to increasingly difficult conditions in its home market was to expand into the fiercely competitive US market. We were not convinced that Valid's scale and brand strengths in Brazil would confer a meaningful competitive advantage in the US.

The top three performing stocks over the year were Biotest, Sarine Technologies and Brembo. **Biotest** rerated strongly over the year as the company generated sales and margins ahead of expectations, largely due to the launch of their plasma protein-based drug Bivigam in the US. **Sarine Technologies** continues to present a strong value proposition to the diamond manufacturing industry. Further, its new products, which are designed to increase the company's exposure to the high margin retail part of the value chain, are generating significant interest. **Brembo** had a great year. The company continues to win market share in a fairly competitive industry as it leverages the technical expertise it has developed through its sole involvement in Formula 1 braking systems. Brembo delivered strong results across all divisions and regions with margins significantly exceeding guidance. While all three stocks remain strong ideas in the portfolio, we have prudently reduced our weighting as the stocks have outperformed in order to control portfolio risk.

The bottom three performing stocks in terms of contribution to portfolio return were Tom Tailor, eBay and Mills Estruturas E Servicos. **Tom Tailor** derated after the company lowered sales and earnings guidance in 2013 due to the higher cost of restructuring their Bonita acquisition. Even so, we believe that Tom Tailor is making good progress integrating Bonita into their operations. Furthermore, there are strong initiatives to develop e-commerce as a significant marketing channel, to improve the retail mix in their operations and to increase efficiencies in their business and we remain confident in their medium-term growth outlook. **eBay's** underperformance was due to two transitory events – a data breach which has been resolved and undue hype associated with activist Carl Icahn's attempt to unlock value by promoting the spin off of PayPal. We remain convinced eBay is well positioned to benefit from strong trends in e commerce and mobile driven purchases and payments. Finally, **Mills Estruturas E Servicos** had a tough year due to the weak operating environment in Brazil. Residential construction activity has fallen and demand for machinery rental in heavy construction has been weak. As a result, utilisation rates and profitability has come under pressure. Mills remains a market leader in a consolidated industry which is still benefitting from an increasing preference for rental over purchase of capital items.

OUTLOOK

The inability of global equity markets in 2014 to sustain the strong performance of 2013 largely reflects investor need for some acceleration in earnings growth to justify currently elevated equity valuations. Put another way, global equity markets need to grow into their valuations. Furthermore, there are a number of conflicting forces that the equity markets need to grapple with.

In the blue corner, we have an environment where global growth is below trend levels, stock market

valuations are above historic norms and corporate earnings are not accelerating. Furthermore, while global monetary conditions remain accommodative the trend here is mixed. US monetary policy is becoming less accommodative, Europe dithers but is heading towards a more accommodative stance while Japan appears to be in a holding mode. In the red corner, the superior outlook for equity markets relative to other asset classes remains a key underpin for valuations and a key challenge for asset allocators. Following years of negative revisions, consensus earnings expectations, particularly in the US, are starting to rise.

This investing environment is clearly challenging. A large part of the strong returns in share markets over the last two years have come from equity valuations moving higher. The challenge now is for companies to deliver robust earnings growth in order to sustain or even increase these valuations. The perceptive words of world renowned stock picker Benjamin Graham appear particularly pertinent to us *"In the short run, the market is a voting machine, but in the long run it is a weighing machine"*. Whilst undulations in the political, economic and market environment can be considerable in the short term, we believe that the disciplined execution of our investment approach, which focuses on investing in high quality growth companies, combined with our persistence in searching for and identifying new investment ideas, should deliver superior returns to our investors over the long term.

Carmel Fisher
Managing Director
Fisher Funds Management Limited
15 September 2014

Roger Garrett
Senior Portfolio Manager
Fisher Funds Management Limited
15 September 2014

Portfolio Holdings Summary as at 30 June 2014

Location	Company	% Holding
Brazil	Mills Estruturas E Servicos	1.9%
China	China Automation Group	0.8%
	O2 Micro	0.7%
	Wasion Group	2.7%
Denmark	Coloplast	3.0%
Finland	Nokian Tyres	1.2%
France	Gameloft	2.1%
	L'Occitane International	0.6%
	Zodiac	3.0%
Germany	Biotest	5.2%
	Stratec Biomedical	3.0%
	Tom Tailor	2.3%
	United Internet	2.1%
	Volkswagen	2.6%
	Wirecard	4.5%
Ireland	Icon	3.0%
Israel	Sarine Technologies	4.7%
Italy	Brembo	4.5%
Japan	Horiba	3.0%
	Park 24	1.9%
	Prestige International	1.8%
Mexico	Genomma Lab	2.2%
Singapore	Hyflux	1.5%
United Kingdom	De La Rue	1.4%
	IMI	2.5%
United States	eBay	3.2%
	Google	3.8%
	Hanger Orthopedic Group	2.1%
	Harley Davidson	2.4%
	Hibbett Sports	1.8%
	Plantronics	2.6%
	Sirona Dental Systems	3.3%
	UFP Technologies	2.5%
	United Parcel Service	2.6%
	Varian Medical Systems	3.5%
	Equity Total	**90.0%**
	New Zealand dollar cash	3.5%
	Total foreign cash	6.5%
	Cash Total	**10.0%**
	TOTAL	**100.0%**

THE STEEPP PROCESS

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.

Nokian Tyres.

E

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 35 securities at the end of June 2014.

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 2014 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 2014.

De La Rue.

BRAZIL

What does it do?
Mills Estruturas E Servicos is a Brazilian construction services company that is well placed to benefit from long-term infrastructure under investment in Brazil. The core business is to rent equipment to construction companies. The company also has good exposure to the residential property market.

Why do we own it?
Mills has a strong record of profitable growth and is exposed to some strong structural trends in Brazilian infrastructure as well as the increasing tendency of construction companies to rent rather than buy equipment. In the near term, the growth outlook is clouded, especially in the residential housing division, although we believe this is temporary and the underlying demand for housing remains strong. Mills has an excellent reputation which ensures good customer retention, a strong balance sheet and free cash flow generation is expected to accelerate.

Total Shareholder Return

-13%

CHINA

What does it do?
China Automation Group specialises in providing safety and control systems for the railway and petrochemicals industries in China.

Why do we own it?
China Automation Group is a beneficiary of government initiatives to improve safety standards in the railways and petrochemical industries. Similarly, they benefit from government plans to connect all major Chinese cities by high speed rail links.

Total Shareholder Return

-5%

CHINA

What does it do?
O2 Micro sells semiconductor chips with their core competencies being power management, advanced lighting (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

3%

MARLIN PORTFOLIO STOCKS CONTINUED

CHINA

What does it do?
Wasion Group is 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 increase the proportion of clean energy and upgrade the electricity grid over the next five years with automated meter reading being a key initiative. Wasion is the market leader with a strong technological advantage.

Total Shareholder Return

25%

DENMARK

What does it do?
Coloplast is a medical device company that develops, manufactures and markets ostomy, continence care, urology, wound and skin products.

Why do we own it?
Coloplast offers a strong long-term value proposition, operating in oligopolistic niche markets selling high quality, low price, consumable products to long-term users with low switching tendencies. Ageing populations and increasing cancer incidence provide strong structural growth drivers. Coloplast has a strong track record of adding value for shareholders and a shareholder friendly capital deployment policy.

Total Shareholder Return

62%

FINLAND

What does it do?
Nokian Tyres manufacture and market 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?
Nokian is the market leader in high end winter tyres in Europe with a superior brand which allows them to price and generate margins well ahead of their competitors. They continue to win market share in all their key markets. Their high exposure to Russia and the Ukraine is a present challenge, although their exposure to the top end of the market means the demand conditions they face are not as bad as the general tyre market. Nokian also maintains a large advantage over global competitors by producing locally in Russia to avoid import tariffs.

Total Shareholder Return

-4%

FRANCE

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

Why do we own it?
The rapid growth in adoption of smartphones, tablets and better mobile technology is driving strong growth in the mobile game industry. With a combination of their own proprietary and licenced content, Gameloft should continue to gain penetration with mobile customers around the world.

Total Shareholder Return

25%

FRANCE

What does it do?
L'Occitane International is a global, natural cosmetics and well-being products manufacturer and retailer.

Why do we own it?
L'Occitane is a unique producer and retailer with a strong brand, global reach and high levels of customer loyalty. The company has a track record of strong profitable growth and has significant expansion options, especially in emerging markets.

Total Shareholder Return

-16%

FRANCE

What does it do?
Zodiac is a leading supplier of aeronautical equipment for aeroplanes 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

23%

MARLIN PORTFOLIO STOCKS CONTINUED

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?
Biotest is a market leader in the niche market of hyper immunoglobulin production used in the treatment of cancer and hepatitis B. They are dominant in Europe in this niche and have strong growth prospects in the US and China. The plasma protein market is oligopolistic and is growing at between 8-10% per annum, while barriers to entry are very high. Biotest also has long-term growth prospects through their biotherapeutics division which is developing antibodies for the treatment of conditions such as blood cancer and rheumatoid arthritis.

Total Shareholder Return

77%

GERMANY

What does it do?
Stratec Biomedical 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

12%

GERMANY

What does it do?
Tom Tailor is a 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 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 acquired women's fashion retailer Bonita in 2012, adding a complementary brand and significant store network to its business.

Why do we own it?
Tom Tailor is a company with a solid brand and strong growth prospects. The company has invested in improving operating systems and is gradually shifting strong top line growth into strong earnings, as the shift towards retail sales increases and margins improve.

Total Shareholder Return

-15%

GERMANY

What does it do?
United Internet is a German based hybrid telecommunications and internet applications company.

Why do we own it?
United Internet has a strong franchise, with a proven track record of adding value. It has a healthy balance sheet, generates strong cash flows and has a very solid growth outlook, especially in their online and mobile businesses.

Total Shareholder Return

50%

GERMANY

What does it do?
Volkswagen manufactures cars and other vehicles worldwide including Audi, Porsche, Bentley, Bugatti, Lamborghini, Skoda and Seat, as well as Volkswagen passenger cars.

Why do we own it?
Volkswagen offers quality exposure to the global car market at attractive prices. The company's scale and efficiency make for superior profitability and its broad range of brands, from popular affordable cars to high end luxury cars, allows it to access the most lucrative areas of market demand. Growth is underpinned by new launches across a wide range of models.

Total Shareholder Return

26%

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 and therefore has strong structural growth drivers as e-commerce transactions increase. The business model is very scalable and Wirecard continues to execute strongly in markets where they already have a presence and also in newer markets.

Total Shareholder Return

51%

MARLIN PORTFOLIO STOCKS CONTINUED

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 is forcing pharmaceutical and biotechnology companies all over the world to seek the help of specialist CROs 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

33%

ISRAEL

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

Why do we own it?
Sarine's products are the leading edge of technology allowing more efficient planning and cutting of diamonds. This offers a strong value proposition to the diamond manufacturing industry. Their business model is geared towards more recurring income and they have also developed new products that allow them increased exposure to the highly profitable retail part of the value chain.

Total Shareholder Return

73%

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 and Mercedes-Benz) and motorcycles (customers include Ducati and Harley Davidson).

Why do we own it?
As the global leader in their industry, with a strong technology advantage arising from their sole involvement in braking systems for Formula 1, they are well positioned to continue increasing global market share.

Total Shareholder Return

98%

JAPAN

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

Why do we own it?
In each segment, Horiba operates 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

2%

JAPAN

What does it do?
Park 24 is a leading Japanese car park business which has also 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 13 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

5%

JAPAN

What does it do?
Prestige International is 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.

Total Shareholder Return

45%

MARLIN PORTFOLIO STOCKS CONTINUED

MEXICO

What does it do?
Genomma Lab is a brand management company. It acquires out of favour, yet established brands and looks to revitalise them through product development, brand management and powerful advertising.

Why do we own it?
Genomma has a strong track record of adding value in its home market of Mexico. The product opportunities remain strong domestically but Genomma equally has significant growth opportunities, replicating this successful business model in the rest of Latin America and the Southern US.

Total Shareholder Return

38%

SINGAPORE

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

Why do we own it?
Hyflux has a successful track record of winning and executing projects throughout Asia. They are a prime beneficiary of the increasing need to 'clean up' Asia's pollution problem and provide solutions to water shortages in Asia and the Middle East.

Total Shareholder Return

-4%

UNITED KINGDOM

What does it do?
De La Rue is primarily involved in the design and production of banknotes, although it also has units involved in identity schemes (passport and drivers licence production), security (authentication labels) and cash processing machines.

Why do we own it?
De La Rue operates in an industry with solid growth prospects and high barriers to entry. They have a good track record of profitable growth and a healthy balance sheet. De La Rue is well positioned to benefit from new contract wins, product diversification (into polymer notes) and continued margin expansion from a cost cutting and restructuring programme.

Total Shareholder Return

-12%

UNITED KINGDOM

What does it do?
IMI is a global engineering company providing specialised solutions mainly in the area of the control and movement of fluids in safety critical applications.

Why do we own it?
IMI is focused on providing specialised and customised engineering solutions that enable it to achieve dominant market positions in niche markets, a high degree of product differentiation and a strong exposure to powerful global trends of urbanisation, climate change and an ageing population.

UNITED STATES

What does it do?
eBay is the world's largest online marketplace with over 100 million active users and the world's leader in online payments through its subsidiary PayPal. Through PayPal, eBay is well positioned to benefit from the trend towards mobile and online payments.

Why do we own it?
eBay has an enviable track record of value creation, generates strong cash flow and is expected to grow at a healthy 15% for the next three to five years supported by increasing growth in e-commerce and mobile payments.

UNITED STATES

What does it do?
Google is the world's leading internet search provider, the world's most visited website and the largest global advertising platform by advertising revenue.

Why do we own it?
Google has high moats arising from its dominant position in online search, significant intellectual property and a strong brand. Google is well positioned to benefit from the rapid rise in online advertising spend.

Total Shareholder Return

23%

Total Shareholder Return

-8%

Total Shareholder Return

32%

MARLIN PORTFOLIO STOCKS CONTINUED

UNITED STATES

What does it do?
Hanger Orthopedic Group is the largest owner and operator of orthotic and prosthetic patient-care centres, and the largest distributor of orthotic and prosthetic devices and components in the US.

Why do we own it?
In addition to continued growth in their core market, Hanger is the leader in a highly fragmented industry and is continually gaining market share.

Total Shareholder Return

-1%

UNITED STATES

What does it do?
Harley Davidson is a well-known producer of touring motorcycles.

Why do we own it?
Harley Davidson has a dominant market share in touring bikes, with a strong brand and compelling growth opportunities outside their main US market. Harley Davidson has recently come out of a restructuring phase that has left it a leaner, more efficient company with good operating leverage as it increases sales and launches new products.

Total Shareholder Return

10%

UNITED STATES

What does it do?
Hibbett Sports is a sporting goods store operator in smaller-sized towns in the south and mid-west of the US where it has established a local dominance in the sporting apparel market selling well-known labels like Nike, Adidas and North Face. Hibbett is a key distribution channel for these brands to reach their target market.

Why do we own it?
Hibbett is a small cap company that has carved out a niche market in small towns with 25,000 – 70,000 inhabitants. It is one of the few US retailers that is experiencing same store sales growth and it has a long list of potential new store locations (targeting 1,300 stores over the next five years, from 930 stores now).

Total Shareholder Return

1%

plantronics®

UNITED STATES

What does it do?
Plantronics is the world's leading manufacturer of hi-tech headsets. Unified communications (integrating disparate voice, data and multimedia into a single unified communications technology) is forecast to grow strongly over the next decade and key to its successful implementation is the use of hi-tech headsets.

Why do we own it?
Plantronics has developed significant technology and scale advantages, has a solid long-term track record, is a clear leader in its field and offers quality exposure to this high-growth market.

Total Shareholder Return

11%

sirona. The Dental Company

UNITED STATES

What does it do?
Sirona Dental Systems is a world leading dental equipment provider with an enviable record of innovation and dominance in digital dentistry. The company offers the most technologically advanced product portfolio on the market, including 2D and 3D dental x-ray technology and chairside CAD/CAM tooth manufacturing equipment. This technology allows dentists to mold, manufacture and fit a dental crown in one visit.

Why do we own it?
Sirona has a strong record of profitable growth and many of its products still have relatively low levels of penetration in dental practices. As a result, Sirona has strong growth prospects which are supported by the productivity benefits of its systems for dentists and the improved quality of care and convenience for patients.

Total Shareholder Return

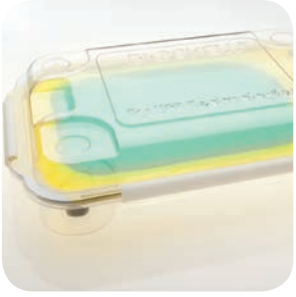
21%

UFP TECHNOLOGIES®

UNITED STATES

What does it do?
UFP Technologies is a US based custom converter of foams and plastics. They design and manufacture engineered packaging and component products utilising moulded and fabricated foam plastic products and vacuum formed plastics. The company serves end markets such as medical, automotive, aerospace and defence.

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 an upward re-rating of shares.



Total Shareholder Return

23%

MARLIN PORTFOLIO STOCKS CONTINUED

UNITED STATES

What does it do?

United Parcel Service (UPS) is the world's largest package delivery company and operates in over 220 countries and territories with its fleet of 100,000 ground vehicles and 530 aircrafts.

Why do we own it?

The market dynamics of the global freight industry are compelling, with high barriers to entry given the need for a large international network and delivery route density to be competitive. Despite the size of its business, we believe UPS is well positioned for robust growth, supported by the growth in e-commerce activity and increasing cross-border trade volumes in Asia and Europe.

Total Shareholder Return

5%

UNITED STATES

What does it do?

Varian Medical Systems is the world's leading oncology systems provider and creates technology for treating cancer with radiotherapy, radiosurgery and proton therapy. It also manufactures x-ray tubes for diagnostic radiology applications. Varian is exposed to strong long-term trends of ageing populations and an increasing incidence of cancer.

Why do we own it?

Varian has significant growth opportunities in emerging markets as healthcare spending increases and will benefit from an upgrade cycle in their more traditional markets as new technologies provide improved patient outcomes. Varian operates in a consolidated industry with rational pricing tendencies and has a strong track record of value creation.

Total Shareholder Return

17%

BOARD OF DIRECTORS

ALISTAIR RYAN *MComm (Hons), CA*

Chairman, Independent Director

Alistair Ryan is an experienced company director and corporate executive with extensive corporate and finance sector experience in the listed company sector in New Zealand and Australia. He is a director of Kingfish, Barramundi, Christchurch Casinos, Metlifecare, Moa Group and Lewis Road Creamery and a Board member of the New Zealand Racing Board. Alistair had 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. He is a member of the New Zealand Institute of Chartered Accountants and the New Zealand Institute of Company Secretaries. Alistair's principal place of residence is Auckland.

CARMEL FISHER *BCA*

Executive Director

Carmel Fisher 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 share market spans nearly 30 years and she is widely recognised as one of New Zealand's pre-eminent investment professionals. 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 and Sovereign Asset Management before launching Fisher Funds. Carmel's principal place of residence is Auckland and she can be contacted at Marlin's registered office.

CAROL CAMPBELL *BCom, CA*

Independent Director

Carol Campbell is a chartered accountant and a member of the New Zealand Institute of Chartered Accountants. Carol is a director of The Business Advisory Group, a chartered accountancy practice, where she advises privately-owned businesses. Prior to that, Carol was a partner at Ernst & Young for over 25 years. 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 & Growers, Kiwibank and New Zealand Post where she is also Chair of the Audit and Risk Committee. Carol is Chair of Ronald McDonald House Charities in New Zealand and is also a director of Kingfish and Barramundi. Carol's principal place of residence is Auckland.

ANDY COUPE *LLB*

Independent Director

Andy Coupe has extensive commercial and capital markets experience having worked in a number of sectors within the financial markets over the last 30 years. Andy was formerly a consultant in investment banking at UBS New Zealand Limited, where his role principally encompassed equity capital markets and takeover transactions involving numerous initial public offerings and secondary market transactions. Andy is Chairman of Farmright, Deputy Chairman of the New Zealand Takeovers Panel, a director of Kingfish, Barramundi, Coupe Consulting, Solid Energy New Zealand and Gentrack Group, and is also a member of the Institute of Finance Professionals New Zealand. Andy's principal place of residence is Auckland.

Pictured left to right: Alistair Ryan, Carmel Fisher, Carol Campbell and Andy Coupe.

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 nature of its operations. The company considers that its governance practices complied with NZXCG Best Practice Code and the Securities Commission Corporate Governance Principles and Guidelines in its entirety during the year ended 30 June 2014. 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's shares only during the trading window commencing immediately after Marlin's weekly disclosure of its net asset value to the New Zealand Stock Exchange ("NZX") and ending at the close of trading two days following the net asset value disclosure.

No breaches of ethics principles were identified during the year.

Copies of the complete Code of Ethics, Conflicts of Interest 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.

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 29.

Director Independence

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

As at 30 June 2014, the Board considered Alistair Ryan (Chairman), Carol Campbell and Andy Coupe to be independent directors in terms of the NZX definition. Carmel Fisher was not considered independent due to also being a director of Fisher Funds.

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 and compliance with contractual arrangements of the Manager;
- capital management – implementing initiatives including share buybacks if it is the opinion of the Board that the value of the shares do not appropriately reflect the underlying net asset value;
- determining distribution 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 adherence to its obligations regarding continuous disclosure – maintaining ongoing dialogue with NZX;
- custodian – appointing a custodian to safeguard the company's assets. Trustees Executors Limited is the custodian of Marlin's assets; and
- other service providers – appointing other service providers and evaluating their performance.

The Board met eight times during the year and received papers, including regular reports from the Chief Financial Officer (now the Corporate Manager) 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's 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 the scheduled meetings and the independent directors meet as required.

Board Members	Meetings Attended/ (Scheduled)	
Alistair Ryan	8	(8)
Carmel Fisher	8	(8)
Carol Campbell	8	(8)
Andy Coupe	8	(8)
Meetings Held	**8**	**(8)**

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.

CORPORATE GOVERNANCE STATEMENT CONTINUED

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 NZX, the Marlin constitution and the Companies Act 1993.

Diversity Policy
The Board views diversity as including, but not being limited to, skills, qualifications, experience, gender, race, age, disability, ethnicity and cultural background.

In 2013, the Board established a Diversity Policy under the oversight of the Remuneration and Nominations Committee which is available on the company's website. The Marlin Diversity Policy is limited to the Board and the Corporate Manager (previously the Chief Financial Officer).

The Board recognises that having a diverse Board will assist it in effectively carrying out its role as described in Principle 2.

All appointments to the Board will be based on merit, and will include consideration of the Board's diversity needs, including gender diversity. Under the policy, the principal measurable diversity objective is to embed gender diversity as an active consideration in all succession planning for Board positions. During the year, there were no appointments to the Board.

The gender composition was as follows:

	as at 30 June 2014	as at 30 June 2013
Directors	two females, two males	two females, two males
Corporate Manager/ Chief Financial Officer	female	male

The Board believes that the company has achieved the objectives set out in its Diversity Policy for the year ended 30 June 2014.

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

The Remuneration and Nominations Committee 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.

As at 30 June 2014, the Audit and Risk Committee comprised independent directors Carol Campbell

(Chair), Alistair Ryan and Andy Coupe, all of whom 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)	
Carol Campbell	2	(2)
Alistair Ryan	2	(2)
Andy Coupe	2	(2)
Meetings Held	**2**	**(2)**

The Audit and Risk Committee may have in attendance members of management, 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

Investment Committee
The Investment Committee comprises all Board members and meets at least twice per year. The Committee has a formal charter which can be found on the company's website.

The objective of the Committee is to oversee the investment management of Marlin to ensure the portfolio is managed in accordance with the investment mandate and with the long-term performance objectives of the company.

Investment Committee Members	Meetings Attended/ (Scheduled)	
Alistair Ryan	2	(2)
Carmel Fisher	2	(2)
Carol Campbell	2	(2)
Andy Coupe	2	(2)
Meetings Held	**2**	**(2)**

Remuneration and Nominations Committee
The Remuneration and Nominations Committee comprises all Board members and 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 Committee. Each year the 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.

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. This policy can be found on the company's website.

The company's market disclosure officer 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 company's market disclosure officer is responsible for releasing any relevant information to the market once it 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

CORPORATE GOVERNANCE STATEMENT CONTINUED

Board concerning accounting policies, areas of judgement, compliance with accounting standards, stock exchange and legal requirements and the results of the external audit.

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

Management Agreement Renewal
When the Board is considering the renewal of the management agreement (every five years), it is the intention of the Board that a market announcement will be made before the date that the Board would need to instigate a non-renewal process. The announcement would state either that the management agreement is being renewed or that the non-renewal process is being instigated.

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. Any GST is in addition to this approved limit.

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 pretax 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 those risks effectively. 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 Part 11, Section 207T of the Act.

Attendance at the Annual Meeting
PwC, as external auditor of the 2014 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 where the most recent net asset value that is released to the NZX on a weekly basis and at the end of each month is made available. Corporate governance policies, shareholder reports, monthly updates, market announcements, copies of ASM minutes, presentations, press releases, news articles and performance data are also made available.

Information is also communicated to shareholders in the annual and interim reports, quarter update newsletters which are published between these two reports and the monthly updates.

The release of the annual report is followed by the annual meeting which the Board recognises as an important forum at which shareholders can meet and hear from 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. This year's meeting will be held on 31 October 2014, 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 2014

We present the financial statements for Marlin Global Limited for the year ended 30 June 2014.

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 2014 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 25 August 2014.

Alistair Ryan

Carol Campbell

Carmel Fisher

Andy Coupe

MARLIN GLOBAL LIMITED
FOR THE YEAR ENDED 30 JUNE 2014

FINANCIAL STATEMENTS CONTENTS

pwc

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 ('the company") on pages 39 to 57, which comprise the statement of financial position as at 30 June 2014, 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 control. 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 auditor and provider of other assurance services. These services have not impaired our independence as auditor of the company.

Opinion

In our opinion, the financial statements on pages 39 to 57:

(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 2014, 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 2014:

(i) we have obtained all the information and explanations that we have required; and
(ii) in our opinion, proper accounting records have been kept by the company as far as appears from an examination of those records.

Restriction on Use of our Report

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
25 August 2014

Auckland

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MARLIN GLOBAL LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2014

	Notes	2014	2013
		$000	$000
Interest income		36	64
Dividend income		1,514	1,488
Other income/(losses)	1(i)	(1,044)	117
Net changes in fair value of financial assets	1(ii)	14,159	10,491
Total net income		**14,665**	**12,160**
Operating expenses	1(iii)	3,107	2,309
Operating profit before tax		**11,558**	**9,851**
Total tax expense	3(i)	438	364
Net operating profit after tax attributable to shareholders		**11,120**	**9,487**
Other comprehensive income		0	0
Total comprehensive income after tax attributable to shareholders		**11,120**	**9,487**
Earnings per share			
Basic and diluted earnings per share			
Profit attributable to owners of the company ($000)		11,120	9,487
Weighted average number of ordinary shares on issue net of treasury stock ('000)		106,346	105,850
		10.46c	**8.96c**

The Statement of Accounting Policies set out on pages 43 to 47 and the Notes to the Financial Statements set out on pages 48 to 57 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 2014

		Attributable to shareholders of the company		
	Notes	Share Capital	Accumulated Deficits	Total Equity
		$000	$000	$000
Balance at 1 July 2012		**102,254**	**(11,036)**	**91,218**
Comprehensive income				
Profit for the year		0	9,487	9,487
Other comprehensive income		0	0	0
Total comprehensive income for the year ended 30 June 2013		**0**	**9,487**	**9,487**
Transactions with owners				
Share buybacks	2	(2,090)	0	(2,090)
Dividends paid	2	0	(7,200)	(7,200)
Dividends reinvested	2	2,850	0	2,850
Total transactions with owners for the year ended 30 June 2013		**760**	**(7,200)**	**(6,440)**
Balance at 30 June 2013		**103,014**	**(8,749)**	**94,265**
Comprehensive income				
Profit for the year		0	11,120	11,120
Other comprehensive income		0	0	0
Total comprehensive income for the year ended 30 June 2014		**0**	**11,120**	**11,120**
Transactions with owners				
Share buybacks	2	(2,864)	0	(2,864)
Dividends paid	2	0	(7,804)	(7,804)
Dividends reinvested	2	3,235	0	3,235
Total transactions with owners for the year ended 30 June 2014		**371**	**(7,804)**	**(7,433)**
Balance at 30 June 2014		**103,385**	**(5,433)**	**97,952**

The Statement of Accounting Policies set out on pages 43 to 47 and the Notes to the Financial Statements set out on pages 48 to 57 should be read in conjunction with this Statement of Changes in Equity.

MARLIN GLOBAL LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2014

	Notes	2014	2013
		$000	$000
ASSETS			
Current Assets			
Cash and cash equivalents		9,819	10,909
Trade and other receivables	4	53	479
Financial assets at fair value through profit or loss	6	89,029	83,025
Current tax receivable	3(ii)	97	85
Total Current Assets		**98,998**	**94,498**
TOTAL ASSETS		**98,998**	**94,498**
LIABILITIES			
Current Liabilities			
Trade and other payables	5	1,046	233
Total Current Liabilities		**1,046**	**233**
TOTAL LIABILITIES		**1,046**	**233**
EQUITY			
Share capital	2	103,385	103,014
Accumulated deficits		(5,433)	(8,749)
TOTAL EQUITY		**97,952**	**94,265**
TOTAL EQUITY AND LIABILITIES		**98,998**	**94,498**

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

A B Ryan
Chairman
25 August 2014

C A Campbell
Chair of the Audit and Risk Committee
25 August 2014

The Statement of Accounting Policies set out on pages 43 to 47 and the Notes to the Financial Statements set out on pages 48 to 57 should be read in conjunction with this Statement of Financial Position.

MARLIN GLOBAL LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2014

	Notes	2014	2013
		$000	$000
Operating Activities			
Cash was provided from:			
- Sale of investments		38,828	18,957
- Interest received		36	64
- Dividends received		1,559	1,569
Cash was applied to:			
- Purchase of investments		(30,357)	(16,081)
- Other income		(396)	(479)
- Operating expenses		(2,258)	(1,793)
- Taxes paid		(450)	(570)
Net cash inflows from operating activities	7	**6,962**	**1,667**
Financing Activities			
Cash was applied to:			
- Share buybacks		(2,841)	(2,090)
- Dividends paid (net of dividends reinvested)		(4,569)	(4,350)
Net cash outflows from financing activities		**(7,410)**	**(6,440)**
Net decrease in cash and cash equivalents held		**(448)**	**(4,773)**
Cash and cash equivalents at beginning of the year		10,909	15,095
Effects of foreign currency translation on cash balance		(642)	587
Cash and cash equivalents at end of the year		**9,819**	**10,909**

All cash balances comprise short-term cash deposits.

The Statement of Accounting Policies set out on pages 43 to 47 and the Notes to the Financial Statements set out on pages 48 to 57 should be read in conjunction with this Statement of Cash Flows.

STATEMENT OF ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 JUNE 2014

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 and 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 25 August 2014.

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 2014.

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 International 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 2014:

NZ IFRS 7: (Amendment) Financial instruments: Disclosures is effective for periods beginning on or after 1 January 2013. The amendment to NZ IFRS 7 provides for additional disclosures for offsetting financial assets and liabilities such as forward foreign exchange contracts. The adoption of this standard has not resulted in additional or amended disclosures and does not have a significant impact on the company's reported result or financial position.

NZ IFRS 13: Fair value measurement (New Zealand Equivalent to International Financial Reporting Standard 13 or "NZ IFRS 13"), effective for annual periods beginning on or after 1 January 2013, has been adopted. The standard defines the concept of fair value and establishes a framework for measuring fair value, while setting the disclosure requirements for fair value measurement. In measuring fair value, NZ IFRS 13 permits the use of any price within the bid-ask spread that is most representative of fair value, rather than prescribing a specific market price that must be used.

On adoption of the standard on 1 July 2013, Marlin changed its valuation inputs for listed financial assets to last sale price from bid price valuation, as this is deemed a closer representation of fair value. Where the last sale price falls outside of the bid-ask spread for the valuation of a particular stock, bid price will be used. As at 30 June 2014, six securities had a value which fell outside the bid-ask spread and so the bid price was used. The effect of using bid price rather than last sale price for these six stocks was a reduction of $50,000.

In accordance with the standard, NZ IFRS 13 has been applied prospectively.

The effect of moving from bid price to last sale price at 30 June 2014 was an uplift of approximately $54,000 in the value of investments at fair value through profit or loss and on net operating profit before performance fees and other adjustments (if the standard had been adopted on 30 June 2013, the potential uplift would have been approximately $300,000).

NZ IFRS 13 also requires that the fair value of a liability reflects the effect of non performance risk. The company must therefore incorporate its own credit risk as a component of the fair value measurement. The Manager has assessed the impact on the values disclosed in the financial statements and determined that no adjustments are required.

*External Reporting Board Standard A1 Accounting Standards Framework (*For-profit Entities Update) ("XRB A1") is effective for annual periods beginning on or after 1 December 2012. XRB A1 establishes a for-profit tier structure and outlines which suite of accounting standards entities in different tiers must follow. The company is a Tier 1 entity. There was no impact on the current or prior year financial statements.

Other than the above changes, no other change to NZ GAAP since 30 June 2013 has impacted these financial statements.

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

NZ IFRS 9: Financial instruments is applicable to annual reporting periods beginning on or after 1 January 2017. 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 2018 when it becomes effective. The standard is not expected to materially affect the company's financial statements.

NZ IAS 32 (Amendment) Financial instruments: Presentation is effective for periods beginning on or after 1 January 2014 but may be adopted for earlier periods. The company will adopt this amendment for the year ending 30 June 2015. The amendment provides further guidance for offsetting financial assets and liabilities such as forward foreign exchange contracts. The adoption of this amended standard may result in additional or amended disclosures and is not expected to have an effect on the company's reported result or financial position.

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 Changes in Equity, Statement of Financial Position 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.

There are no investments at fair value through profit or loss classified as Level 3 in the fair value hierarchy as at 30 June 2014. Accordingly, no judgements, estimates or assumptions are required by the directors. Further details are provided in note 6 to the financial statements.

Cash and Cash Equivalents
Cash and cash equivalents include 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 within other income/(losses) as foreign exchange gains or losses on cash.

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 Statementof Comprehensive Income within other income/(losses) 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 and 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 11 to the financial statements.

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).

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 and 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.

The fair values of investments at fair value through profit or loss traded in active markets are based on last sale prices at balance date.

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 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 foreign 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.

Details of forward foreign exchange contracts at 30 June 2014 are included in note 6 to the financial statements.

Fair Value

The fair value of investments at fair value through profit or loss traded in active markets is based on last sale prices at balance date.

The fair value of investments and forward foreign exchange contracts 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.

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.

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.

Valuation of investments classified within Level 3 may require 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. The fair value of trade receivables is equivalent to their carrying amount.

Trade Payables

Trade payables are initially recognised at fair value and subsequently measured at amortised cost. The fair value of trade payables is equivalent to their carrying amount.

Financial Instruments

Financial instruments carried on the Statement of Financial Position include cash and cash equivalents, equity investments, forward foreign exchange contracts, 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.

MARLIN GLOBAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

NOTE 1 - STATEMENT OF COMPREHENSIVE INCOME

	2014	2013
	$000	$000
(i) Other income/(losses)		
Insurance recovered	50	0
Foreign exchange (losses)/gains on cash and cash equivalents	(1,094)	117
Total other income/(losses)	**(1,044)**	**117**
(ii) Net changes in fair value of financial assets		
Investments designated at fair value through profit or loss		
- International equity investments	19,797	9,468
- Foreign exchange (losses)/gains on equity investments	(6,991)	1,638
Total investment gains	**12,806**	**11,106**
Financial assets at fair value through profit or loss - held for trading		
- Gains/(losses) on forward foreign exchange contracts	1,353	(615)
Total gains/(losses) on assets held for trading	**1,353**	**(615)**
Net changes in fair value of financial assets	**14,159**	**10,491**
(iii) Operating expenses		
Auditor's fees:		
- Statutory audit and review of financial statements	33	33
- Other assurance services	6	6
Management fee (note 8)	1,431	1,293
Performance fee (note 11)	843	0
Directors' fees	138	127
Brokerage and transaction fees	133	160
Custody and NZX fees	216	190
Salaries and other personnel costs	122	109
Administration and other	85	146
Investor relations	66	55
Taxation and legal services	33	187
Bank fees	1	3
Total operating expenses	**3,107**	**2,309**

Other assurance services include a share register audit, annual meeting procedures and performance fee procedures. No non-audit fees were paid to the auditor during the year (2013: nil).

NOTE 2 - SHARE CAPITAL

Ordinary shares

As at 30 June 2014 there were 107,294,066 (30 June 2013: 106,756,090) fully paid Marlin shares on issue, including treasury stock of 35,000 shares (30 June 2013: 16,000). 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.

NOTE 2 - SHARE CAPITAL CONTINUED

	2014	2013
	$000	$000
Opening balance	103,014	102,254
Proceeds of shares issued from treasury stock under dividend reinvestment plan	2,800	1,999
New shares issued under dividend reinvestment plan	435	851
	3,235	2,850
Share buybacks held as treasury stock	(2,864)	(2,090)
Closing balance	**103,385**	**103,014**

Treasury stock

On 31 October 2013, 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	
	2014	2013	2014	2013
	$000	$000	'000	'000
Opening balance	12	(79)	16	0
Share buybacks	2,864	2,090	3,649	2,967
Shares re-issued under dividend reinvestment plan	(2,800)	(1,999)	(3,630)	(2,951)
Closing balance	**76**	**12**	**35**	**16**

Dividends

Total dividends per share for the year ended 30 June 2014 were $0.0736 (2013: $0.0682). Dividends paid prior to any reinvestment for the year ended 30 June 2014 totalled $7,804,000 (2013: $7,200,000).

NOTE 3 - TAXATION

	2014	2013
	$000	$000
(i) Total tax expense		
Operating profit before tax	**11,558**	**9,851**
Non-taxable realised loss on investments	259	9,730
Non-taxable unrealised gain on investments	(13,065)	(20,838)
Exempt dividends subject to Fair Dividend Rate	(1,520)	(1,484)
Fair Dividend Rate income	4,163	3,847
Other	169	194
Taxable income	**1,564**	**1,300**
Tax at 28%	**438**	**364**

NOTE 3 - TAXATION CONTINUED

	2014	2013
	$000	$000
Taxation expense comprises:		
Current tax	437	363
Prior period adjustment	1	1
	438	**364**
(ii) Current tax balance		
Opening balance	85	(121)
Prior period adjustment	(1)	(1)
Current tax movements	(437)	(363)
Tax paid	450	570
Current tax receivable	**97**	**85**

(iii) Imputation credits

Imputation credits available for subsequent reporting periods total $1,022 (2013: $855). This amount represents the balance of the imputation credit account at the end of the reporting period, adjusted for imputation credits that will arise from the receipt of dividends recognised as a receivable at 30 June 2014.

NOTE 4 - TRADE AND OTHER RECEIVABLES

	2014	2013
	$000	$000
Dividends receivable	34	84
Unsettled investment sales	0	383
Other receivables and prepayments	19	12
Total trade and other receivables	**53**	**479**

Trade receivables are classified as loans and receivables under NZ IAS 39. Total loans and receivables are $9,872,000 (30 June 2013: $11,388,000) being cash and cash equivalents plus trade and other receivables.

NOTE 5 - TRADE AND OTHER PAYABLES

	2014	2013
	$000	$000
Related party payable (note 8)	961	111
Unsettled investment purchases	0	66
Other payables and accruals	61	55
Share buyback payable	24	1
Total trade and other payables	**1,046**	**233**

Trade payables are classified as other financial liabilities under NZ IAS 39. All payables are contractually required to be paid within three months.

NOTE 6 - FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2014	2013
	$000	**$000**
Investments designated at fair value through profit or loss		
- International listed equity investments	88,676	82,954
Financial assets at fair value through profit or loss - held for trading		
- Fair value of forward foreign exchange contracts	353	71
Total financial assets at fair value through profit or loss	**89,029**	**83,025**

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 last sale prices from an active market, except six stocks where the last sale price was outside the bid-ask spread on 30 June 2014 and therefore bid price was used (30 June 2013: All investments were valued using quoted bid prices except Integrated Waste Solutions Group Holdings Limited ["IWS" formerly Fook Woo Group] which was valued at nil).

All investments are classified as Level 1 in the fair value hierarchy (2013: All investments were classified as Level 1 in the fair value hierarchy except IWS, which was classified as Level 3).

At 30 June 2013, Marlin held 13,440,549 shares in IWS. IWS had voluntarily suspended trading in its shares on the Hong Kong Stock Exchange (HKSE) on 28 November 2011. In line with the Marlin Board's policy, when a security has been suspended for one year or more and there is no clear evidence to the contrary, the investment had been written down to nil. This resulted in a loss of $582,086 being recognised in the Statement of Comprehensive Income for the year ended 30 June 2013. As there was no active market for IWS shares and an estimate of fair value had been determined by the Marlin Board, the value of the shares was classified in Level 3 of the fair value hierarchy.

On 23 January 2014, IWS resumed trading. On resumption of trading, as there was an active market for IWS, the investment was classified from Level 3 to Level 1 of the fair value hierarchy. Marlin subsequently sold its holding in IWS.

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

	2014	2013
	$000	**$000**
Opening balance	0	582
Gains/(losses) recognised in profit or loss	902	(582)
Transfer to Level 1 fair value hierarchy	(902)	0
Closing balance	**0**	**0**

Forward foreign exchange contracts are valued using observable market prices (as they are not quoted), and they are classified as Level 2 in the fair value hierarchy. The contract value of forward foreign exchange contracts held at 30 June 2014 was $10,573,000 (30 June 2013: $10,078,000).

NOTE 7 - RECONCILIATION OF NET OPERATING PROFIT AFTER TAX TO NET CASH FLOWS FROM OPERATING ACTIVITIES

	2014	2013
	$000	$000
Net operating profit after tax	**11,120**	**9,487**
Items not involving cash flows:		
Unrealised losses/(gains) on cash and cash equivalents	642	(587)
Unrealised (gains) on revaluation of investments	(13,346)	(20,909)
	(12,704)	**(21,496)**
Impact of changes in working capital items		
Increase in fees and other payables	813	56
Decrease in interest, dividends and other receivables	426	216
Change in current tax	(12)	(206)
	1,227	**66**
Items relating to investments		
Net amount received from investments	8,471	2,876
Realised (gains)/losses on investments	(812)	10,418
Decrease/(increase) in unsettled purchases of investments	66	(66)
(Decrease)/increase in unsettled sales of investments	(383)	383
Increase in share buybacks payable	(23)	(1)
	7,319	**13,610**
Net cash inflows from operating activities	**6,962**	**1,667**

NOTE 8 - 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 Manager's 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 NZ 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. For the year ended 30 June 2014, no reduction was necessary (30 June 2013: no reduction).

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 2014 totalled $1,430,582 (30 June 2013: $1,292,846), with $118,574 being payable at 30 June 2014 (30 June 2013: $111,299).

NOTE 8 - RELATED PARTY INFORMATION CONTINUED

In addition, a performance fee may be earned by the Manager provided certain benchmarks and a high water mark test have been met. A performance fee of $842,890 has been accrued for the year to 30 June 2014; refer also to note 11 (30 June 2013: nil). The performance fee to be paid to the Manager is included within payables.

Administration and marketing costs incurred by Fisher Funds on behalf of Marlin amounted to $28,378 for the year ended 30 June 2014 and were recharged in full to Marlin (30 June 2013: $27,615).

The directors of Marlin are the only key management personnel as defined by *NZ IAS 24 Related Party Disclosures* and they earn a fee for their services which is disclosed in note 1(iii) under directors' fees (only independent directors earn a director's fee). The directors also held shares in the company at 30 June 2014 which are disclosed in the Statutory Information section of the annual report and total 0.40% of total shares on issue (30 June 2013: 0.39%). The directors did not receive any other benefits which may have necessitated disclosure under NZ IAS 24 (paragraph 16).

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 2014 was $121,995 (30 June 2013: $109,305). These costs do not include any key management personnel compensation.

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 ended 30 June 2014, off-market transactions between Marlin and other funds managed by Fisher Funds totalled nil for purchases and nil for sales (year ended 30 June 2013: purchases $11,815 and sales $67,435).

NOTE 9 - 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, currency hedges, trade and other receivables and trade and other payables.

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 10% or greater of the portfolio are Germany 20% and United States 28% (2013: Germany 25%, United States 13% and China 10%).

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 comprised more than 10% of Marlin's total assets at 30 June 2014 (30 June 2013: nil).

NOTE 9 - FINANCIAL RISK MANAGEMENT POLICIES CONTINUED

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 2014.

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.

The company mitigates this risk by entering into forward foreign exchange contracts as and when the Manager deems it appropriate. At any time during the year the portfolio may be hedged by an amount deemed appropriate by the Manager.

A full sensitivity analysis for foreign currency has not been provided in note 10 to the financial statements as Marlin is exposed to the fluctuations of several foreign currencies. At 30 June 2014, the following monetary and non-monetary foreign currency assets (converted to New Zealand dollars) were held:

	2014	2013
	NZ$000	NZ$000
Brazilian Reals	1,861	3,202
Danish Kroner	2,977	0
Euros	31,343	36,131
Hong Kong Dollars	4,207	11,020
Japanese Yen	8,837	8,903
Mexican Pesos	2,197	2,219
Pounds Sterling	4,020	3,751
Singapore Dollars	6,190	7,351
Swiss Francs	13	935
US Dollars	33,809	19,697

Credit Risk

In the normal course of its business, the company is exposed to credit risk from transactions with its counterparties.

Other than cash at bank, 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 S&P A-1 (or equivalent).

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 10 - 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.

2014: Company ($000)					
EQUITY PRICES (i)					
	Carrying Amount	-10%		+10%	
		Profit	Equity	Profit	Equity
Investments at fair value through profit or loss – designated	88,676	(8,868)	(8,868)	8,868	8,868
INTEREST RATE (i)					
	Carrying Amount	-1%		+1%	
		Profit	Equity	Profit	Equity
Cash and cash equivalents	9,819	(98)	(98)	98	98

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.

2014: Company ($000)					
FOREIGN EXCHANGE RATE (ii) & (iii)					
	Carrying Amount	-10%		+10%	
		Profit	Equity	Profit	Equity
US and Hong Kong dollar cash	2,898	322	322	(263)	(263)
Euro cash	1,046	116	116	(95)	(95)
Investments at fair value through profit or loss – designated:					
- US and Hong Kong dollar	35,118	3,902	3,902	(3,193)	(3,193)
- Euro	30,053	3,339	3,339	(2,732)	(2,732)
Financial assets at fair value through profit or loss – held for trading:					
- US and Hong Kong dollar	0	0	0	0	0
- Euro	244	(685)	(685)	560	560

(i) The tables above summarise 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 9. 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 2014, the US$/NZ$ rate was 0.8756 (2013: 0.7723), the HK$/NZ$ rate was 6.7858 (2013: 5.9902) and the Euro/NZ$ rate was 0.6395 (2013: 0.5941). An exchange rate sensitivity of -/+10% has been used to assess the impact on unrealised gain/(loss).

NOTE 10 - SENSITIVITY ANALYSIS CONTINUED

2013: Company ($000)					
EQUITY PRICES					
	Carrying Amount	-10%		+10%	
		Profit	Equity	Profit	Equity
Investments at fair value through profit or loss – designated	82,954	(8,295)	(8,295)	8,295	8,295
INTEREST RATE					
	Carrying Amount	-1%		+1%	
		Profit	Equity	Profit	Equity
Cash and cash equivalents	10,909	(109)	(109)	109	109

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.

2013: Company ($000)					
FOREIGN EXCHANGE RATE					
	Carrying Amount	-10%		+10%	
		Profit	Equity	Profit	Equity
US and Hong Kong dollar cash	6,051	672	672	(550)	(550)
Euro cash	2,746	305	305	(250)	(250)
Investments at fair value through profit or loss – designated:					
- US and Hong Kong dollar	24,666	2,741	2,741	(2,242)	(2,242)
- Euro	33,366	3,707	3,707	(3,033)	(3,033)
Financial assets at fair value through profit or loss – held for trading:					
- US and Hong Kong dollar	0	0	0	0	0
- Euro	19	(641)	(641)	525	525

NOTE 11 - 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 any previous calculation period in which a performance fee was payable, multiplied by the number of shares on issue at the end of the period.

Excess return is defined as the excess above a benchmark return which is the change in the NZ 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.

NOTE 11 - PERFORMANCE FEE CONTINUED

At 30 June 2014 the net asset value per share, before the deduction of a performance fee, of $0.9186 was above the high water net asset value per share (after adjustment for capital changes and distributions) of $0.8118 (being the highest net asset value per share at the end of the previous calculation period of 30 June 2011 adjusted for any capital changes and distributions).

Accordingly, the company has expensed a performance fee of $842,890 in its Statement of Comprehensive Income for the year to 30 June 2014 (30 June 2013: nil).

NOTE 12 - NET ASSET VALUE

The audited net asset value of Marlin as at 30 June 2014 was $0.91 per share (30 June 2013: $0.88 per share).

NOTE 13 - CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACTUAL COMMITMENTS

There were no material contingent liabilities or unrecognised contractual commitments as at 30 June 2014 (30 June 2013: nil).

NOTE 14 - SEGMENTAL REPORTING

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

NOTE 15 - SUBSEQUENT EVENTS

At 19 August 2014, the unaudited net asset value of the company was $0.91 per share and the share price was $0.81.

On 25 August 2014, the Board declared a dividend of 1.84 cents per share. The record date for this dividend is 12 September 2014 with a payment date of 26 September 2014.

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

SHAREHOLDER INFORMATION

Size of Shareholding as at 19 August 2014

Holding Range	# of Shareholders	# of Shares	% of Total
1 to 999	66	23,976	0.02%
1,000 to 4,999	251	641,513	0.60%
5,000 to 9,999	1,088	6,961,209	6.48%
10,000 to 49,999	1,883	37,263,178	34.72%
50,000 to 99,999	248	16,418,182	15.30%
100,000 to 499,999	165	29,205,296	27.21%
500,000 +	14	16,815,712	15.67%
TOTAL	**3,715**	**107,329,066**	**100.00%**

20 Largest Shareholders as at 19 August 2014

Holder Name	# of Shares	% of Total
FNZ Custodians Limited	3,147,200	2.93%
Forsyth Barr Custodians Limited	1,935,619	1.80%
Forsyth Barr Custodians Limited	1,778,655	1.66%
Custodial Services Limited	1,563,504	1.46%
Anthony John Simmonds & Maureen Simmonds + Heron Hill Trustee Company Limited	1,322,487	1.23%
FNZ Custodians Limited	1,008,719	0.94%
Hettinger Nominees Limited	1,006,316	0.94%
John Licco Sarfati	850,000	0.79%
Custodial Services Limited	827,889	0.77%
David Alexander Coory + Marie Linda Coory	756,892	0.71%
Mantles Limited	750,000	0.70%
Forsyth Barr Custodians Limited	711,600	0.66%
Anthony John Simmonds + Maureen Simmonds	656,831	0.61%
Thomas Vincent Brien + Jillian Maureen Brien	500,000	0.47%
ASB Nominees Limited	442,816	0.41%
Russell Ian Moller	434,922	0.40%
Stephen Thomas Wright	428,439	0.40%
Custodial Services Limited	416,068	0.39%
Peter John Moller + Victor Ross Alexander Bedford + Jean Elspeth Moller	414,467	0.39%
Lloyd James Christie	410,000	0.38%
TOTAL	**19,362,424**	**18.04%**

STATUTORY INFORMATION

Directors' Relevant Interests in Equity Securities at 30 June 2014

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 2014 are as follows:

	Ordinary Shares Held Directly	Ordinary Shares Held by Associated Persons
A B Ryan[1]	15,943	
C M Fisher		400,107
C A Campbell[2]	11,957	
R A Coupe[3]	4,691	

(1) A B Ryan received 6,730 shares in the year ended 30 June 2014, issued under the share purchase plan (refer page 34) at an issue price of $0.74. A B Ryan received 1,433 shares in the year ended 30 June 2014, issued under the dividend reinvestment plan (average issue price $0.77).

(2) C A Campbell received 5,047 shares in the year ended 30 June 2014, issued under the share purchase plan (refer page 34) at an issue price of $0.74. C A Campbell received 1,075 shares in the year ended 30 June 2014, issued under the dividend reinvestment plan (average issue price $0.77).

(3) R A Coupe received 4,374 shares in the year ended 30 June 2014, issued under the share purchase plan (refer page 34) at an issue price of $0.74. R A Coupe received 317 shares in the year ended 30 June 2014, issued under the dividend reinvestment plan (average issue price $0.79).

Directors Holding Office

The company's directors as at 30 June 2014 were:

- A B Ryan (Chairman)
- C M Fisher
- C A Campbell
- R A Coupe

In accordance with the Marlin constitution, at the 2013 Annual Shareholders' Meeting, Andy Coupe was elected to the Board and Alistair Ryan retired by rotation and being eligible, was re-elected. Carol Campbell retires by rotation at the 2014 Annual Shareholders' Meeting and being eligible, offers herself for re-election.

Directors' Remuneration

The following table sets out the total remuneration received by each director from Marlin for the year ended 30 June 2014. 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 2014	
A B Ryan	$50,000[1]
C A Campbell	$37,500[2]
R A Coupe	$32,500[3]

* excludes GST

(1) $5,000 of this amount was applied to the purchase of 6,730 shares under the Marlin share purchase plan.

(2) $3,750 of this amount was applied to the purchase of 5,047 shares under the Marlin share purchase plan.

(3) $3,250 of this amount was applied to the purchase of 4,374 shares under the Marlin share purchase plan.

Carmel Fisher does not earn a director's fee.

STATUTORY INFORMATION CONTINUED

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 2014

General Interest Pursuant to Section 140 of the Companies Act 1993 as at 30 June 2014:

A B Ryan	Kingfish Limited	Director
	Barramundi Limited	Director
	Christchurch Casinos Limited	Director
	Metlifecare Limited	Director
	Moa Group Limited	Director
	Lewis Road Creamery Limited	Director*
	The New Zealand Racing Board	Board Member
	Auditor Regulation Advisory Group	Member
C M Fisher	Kingfish Limited	Director
	Barramundi Limited	Director
	Fisher Funds Management Limited	Director
	Fisher Managed Funds Limited (formerly TOWER Managed Funds Limited)	Director
C A Campbell	Kingfish Limited	Director
	Barramundi Limited	Director
	Turners & Growers Limited	Director
	Hick Bros Civil Construction Limited & associated companies	Director
	Woodford Properties Limited	Director
	Brave Star Media Limited	Director
	alphaXRT Limited (formerly CMS Alphatech Limited)	Director
	New Zealand Post Limited	Director
	The Business Advisory Group Limited	Director
	Key Assets NZ Limited	Director
	Kiwibank Limited	Director*
	Key Assets Foundation	Trustee
	Ronald McDonald House Charities NZ	Chair
R A Coupe	Kingfish Limited	Director
	Barramundi Limited	Director
	Farmright Limited	Chairman
	New Zealand Takeovers Panel	Deputy Chairman
	Coupe Consulting Limited	Director
	Solid Energy New Zealand Limited	Director*
	Gentrack Group Limited	Director*

(1) Notices given by directors during the year ended 30 June 2014 are marked with an asterisk.

(2) The following details included in the Interests Register as at 30 June 2013, or entered during the year ended 30 June 2014, have been removed during the year ended 30 June 2014:

- *R A Coupe is no longer a consultant at UBS New Zealand Limited*

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 2014 year the following amounts were paid/payable to the auditor – PricewaterhouseCoopers.

	$000
Audit Fees	33
Other Assurance Services	6

Donations

The company did not make any donations during the year ended 30 June 2014.

DIRECTORY

Nature of Business

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

Manager

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

Directors

Independent Directors
Alistair Ryan (Chairman)
Carol Campbell
Andy Coupe

Executive Director
Carmel Fisher

Corporate Manager

Kate Livingston

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
Telephone: +64 9 488 8777
Email: enquiry@computershare.co.nz

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

Auditor

PricewaterhouseCoopers New Zealand
188 Quay Street
Auckland 1142

Solicitor

Bell Gully
Level 21
48 Shortland Street
Auckland 1010

Banker

ANZ Banking Group Limited
Level 9
215 – 229 Lambton Quay
Wellington 6011

Investor Enquiries

Marlin Global Limited
Level 1
67 – 73 Hurstmere Road
Takapuna
Auckland 0622
Phone: +64 9 484 0365
Fax: +64 9 489 7139
Email: enquire@marlin.co.nz

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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.