MARLIN GLOBAL LIMITED
ANNUAL REPORT
30 JUNE 2018

CONTENTS

CALENDAR

Next Dividend Payable
28 September 2018

Annual Shareholders' Meeting, Ellerslie Event Centre, Auckland 10:30am
31 October 2018

Interim Period End
31 December 2018

This report is dated 21 September 2018 and is signed on behalf of the Board of Marlin Global Limited by Alistair Ryan, Chair, and Carmel Fisher, director.

Alistair Ryan / Chair   Carmel Fisher / Director

ABOUT MARLIN GLOBAL

Marlin Global Limited ("Marlin" or "the company") is a listed investment company that invests in quality, 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 quality, growth companies. Marlin listed on 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 quality, 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 exiting 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, based on the 'STEEPP' investment criteria (see page 18).

AT A GLANCE

For the 12 months ended 30 June 2018

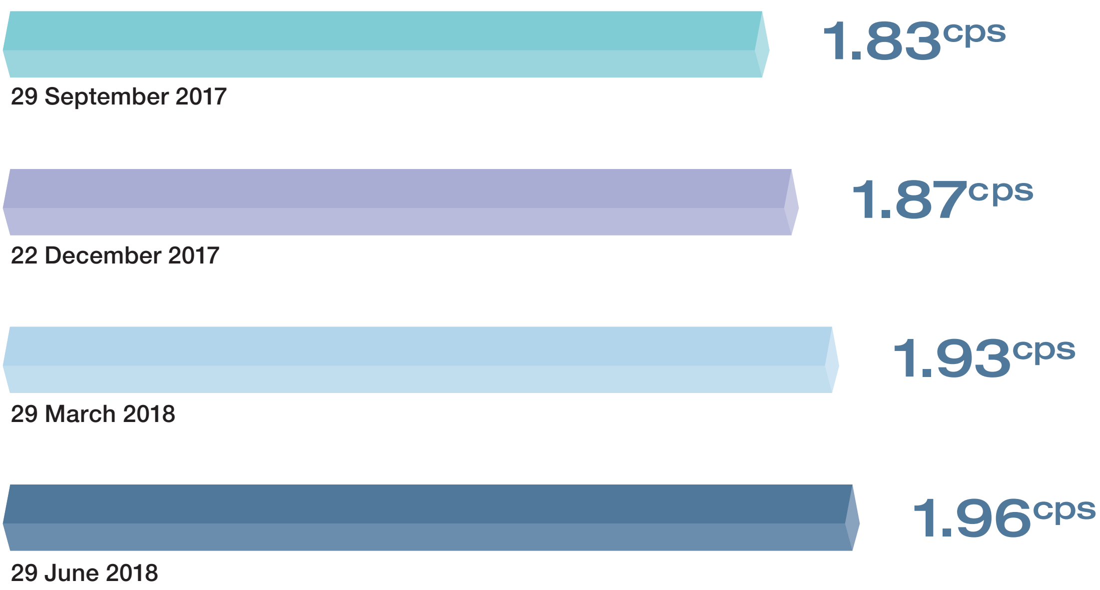
Net profit	Total shareholder return	Adjusted NAV return
$23.8m	+21.5%	+23.2%

As at 30 June 2018

Share price	NAV per share	Adjusted NAV per share
$0.86	$1.02	$2.00

DIVIDENDS PAID

During the year ended 30 June 2018 (cents per share)



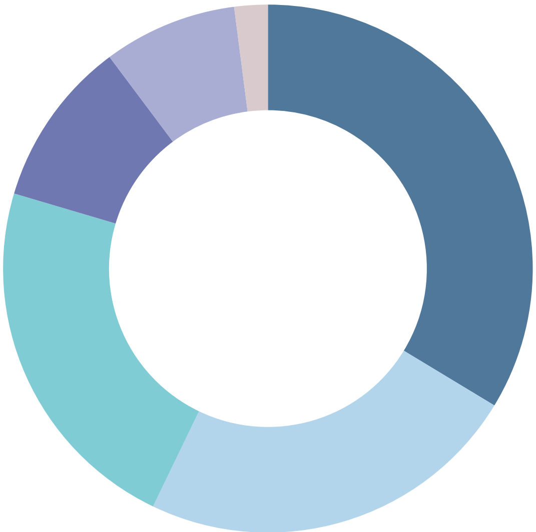
LARGEST INVESTMENTS

As at 30 June 2018

Alphabet	PayPal	TJX Companies	Alibaba Group	Essilor
7%	6%	5%	5%	5%

SECTOR SPLIT

As at 30 June 2018



Information Technology	33%
Healthcare	23%
Consumer	22%
Industrials	10%
Financials	8%
Energy	2%

The portfolio also holds cash.

DIRECTORS' OVERVIEW

Alistair Ryan
Chair

"Marlin's investment strategy of focusing on quality, growing companies proved rewarding"

We are pleased to report that Marlin has delivered another strong result for shareholders for the 2018 financial year, returning 23.2%[1] on an after fees and tax basis, well ahead of its benchmark[2] which rose 17.1%.

Global markets gained again in the 12 months to 30 June 2018, with the MSCI World Index up 9%. The US market led the way with strong economic growth, low unemployment and President Trump's corporate tax cuts supporting the 12% gain in the S&P 500 Index. Despite gains for the year, there was significant turbulence along the way. Market jitters in February and March were caused by trade tensions and concerns regarding increasing interest rates and inflation. In this environment Marlin's investment strategy of focusing on quality, growing companies proved rewarding. The strong investment returns in 2018 translated to an excellent net profit result of $23.8m.

Shareholders experienced a strengthening share price over the 2018 financial year with the share price rising seven cents. Although delivering an adjusted NAV return of 23.2% for the 12 months to 30 June 2018, the share price discount to NAV widened to 13.7% as at 30 June 2018. As a result, total shareholder return which includes the change in share price, dividends paid per share and the impact of warrants was 21.5% for the 2018 period, (2017: 9.1%).

Revenues and Expenses

The 2018 net profit result comprised gains on investments of $25.8m, dividend and interest income of $0.8m, other income of $2.1m (a result of a refund of GST and related use of money interest) and, a small tax benefit of $0.1m, less operating expenses of $5.0m. Fisher Funds was paid a performance fee of $2.7m for the portfolio's performance, consistent with the terms of the Management Agreement. Operating expenses were $1.1m higher than the corresponding period mainly due to a larger performance fee being earned by the Manager.

Capital Management

Marlin continues to distribute 2.0% of average net asset value per quarter. For the 12 months to 30 June 2018, 7.59 cents per share paid in dividends, and the next dividend will be 2.05 cents per share to be paid on 28 September 2018 with a record date of 13 September 2018. Marlin continues to offer its dividend reinvestment plan where shareholders are able to reinvest all or part of any cash dividends in fully paid ordinary shares.

Share buybacks present an opportunity to enhance shareholder value and are utilised when the share price to NAV is sufficiently deep. During the 2018 financial year, Marlin took advantage of the increasing discount and acquired approximately 3.8m shares on market under the buyback programme. Shares acquired under the buyback programme are held as treasury stock and reissued under the dividend reinvestment plan[3].

Earlier this year a new warrant issue was announced as part of Marlin's capital management programme. Eligible shareholders who held Marlin shares on 1 May 2018 were issued one warrant for every four Marlin shares held. Warrants give holders the right, but not the obligation, to purchase additional shares in Marlin at a pre-determined exercise price. The offer also aims to raise additional funds for investment in Marlin's portfolio so as to improve operational efficiency. The exercise price is $0.83, which will be adjusted down for dividends declared, and the final exercise price will be announced in March 2019. The exercise date is 12 April 2019. Warrants are currently quoted on the NZX Main Board under the ticker code 'MLNWC'.

Conclusion

2018 was another successful year for Marlin and we look forward to discussing performance and the portfolio with shareholders in more depth at the upcoming Annual Shareholders' Meeting which will be held on Wednesday 31 October at 10.30am at the Ellerslie Event Centre in Auckland.

All shareholders are encouraged to attend the Annual Shareholders' Meeting, with those who are unable to attend invited to cast their vote on resolutions prior to the meeting.

We would like to thank shareholders for your continued support of Marlin and look forward to meeting many of you.

On behalf of the board,

Alistair Ryan

Alistair Ryan / Chair
Marlin Global Limited
21 September 2018

[1] *Adjusted NAV return*

[2] *S&P Large Mid Cap/S&P Small Cap Index (50% hedged to NZD)*

[3] *To participate in the dividend reinvestment plan, a completed participation notice must be received by Marlin before the next record date. Full details of the dividend reinvestment plan can be found in the Marlin Dividend Reinvestment Plan Offer Document, a copy of which is available at www.marlin.co.nz/investor-centre/capital-management-strategies/*

DIRECTORS' OVERVIEW CONTINUED

Company Performance

For the year ended 30 June	2018	2017	2016	2015	2014	5 years (annualised)
Total Shareholder Return	21.5%	9.1%	(0.3%)	14.6%	28.5%	14.2%
Adjusted NAV Return	23.2%	16.8%	(6.7%)	15.4%	11.9%	11.6%
Dividend Return	9.6%	8.6%	8.6%	8.9%	10.4%	
Net Profit	$23.8m	$15.7m	($6.9m)	$14.7m	$11.1m	
Basic Earnings per Share	20.20cps	13.51cps	-6.22cps	13.56cps	10.46cps	
OPEX ratio	4.2%	3.8%	1.5%	3.5%	3.0%	
OPEX ratio (before performance fee)	1.8%	2.1%	1.5%	2.2%	2.2%	

As at 30 June	2018	2017	2016	2015	2014
Audited NAV	$1.02	$0.89	$0.83	$0.97	$0.91
Adjusted NAV	$2.00	$1.62	$1.39	$1.49	$1.29
Share price	$0.86	$0.79	$0.79	$0.87	$0.83
Warrant price	$0.06	-	$0.004	-	-
Share price discount to NAV[1]	13.7%	11.2%	4.8%	10.3%	8.8%

Portfolio Performance

For the year ended 30 June	2018	2017	2016	2015	2014	5 years (annualised)
Gross Performance Return	26.6%	22.4%	(3.8%)	19.9%	16.0%	15.7%
Blended Index[2]	17.1%	19.2%	(3.9%)	31.6%	12.5%	14.7%
Performance fee hurdle[3]	7.0%	7.2%	7.9%	8.7%	7.8%	

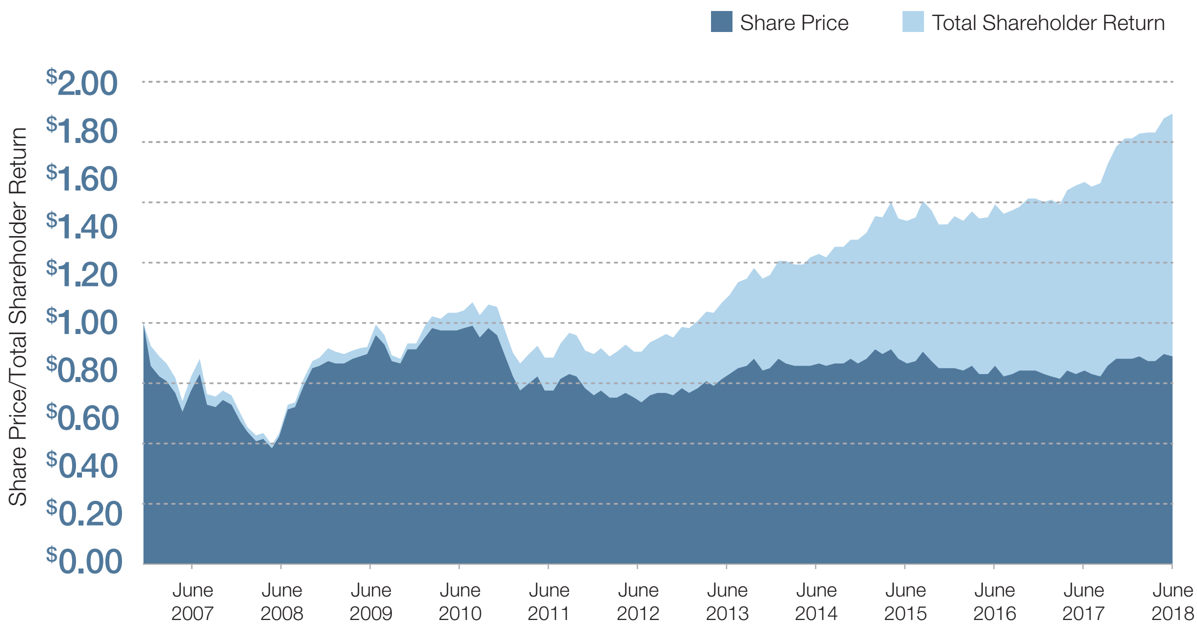
NB: All returns have been reviewed by an independent actuary.

1 *Share price discount to NAV (including warrant price on a pro-rated basis)*

2 *Blended index: World Small Cap Gross Index until 30 September 2015 & S&P Large Mid Cap/S&P Small Cap Index (hedged 50% to NZD) from 1 October 2015. Returns shown gross in NZ dollar terms.*

3 *The performance fee hurdle is the Benchmark Rate (NZ 90 Day Bank Bill Index +5%)*

Total Shareholder Return



Non-GAAP Financial Information

Marlin uses the following non-GAAP measures:

- adjusted net asset value – the underlying value of the investment portfolio adjusted for capital allocation decisions after fees and tax,
- adjusted NAV return – the net return to an investor after fees and tax,
- gross performance return – the Manager's portfolio performance in terms of stock selection and currency hedging before fees and tax,
- total shareholder return – the return to an investor who reinvests their dividends, and if in the money, exercises their warrants at warrant maturity date for additional shares,
- OPEX ratio – the percentage of Marlin's assets used to cover operating expenses, excluding tax and brokerage, and
- dividend return – how much Marlin pays out in dividends each year relative to its share price.

All references to the above measures in this Annual Report are to such non-GAAP measures. The calculations applied to non-GAAP measures are described in the Marlin Non-GAAP Financial Information Policy and in the Glossary on page 61. A copy of the policy is available at http://marlin.co.nz/about-marlin/marlin-policies/.

MANAGER'S REPORT

Ashley Gardyne
Senior Portfolio Manager

"We are pleased the Marlin portfolio outperformed its global benchmark and delivered strong double-digit returns for the year"

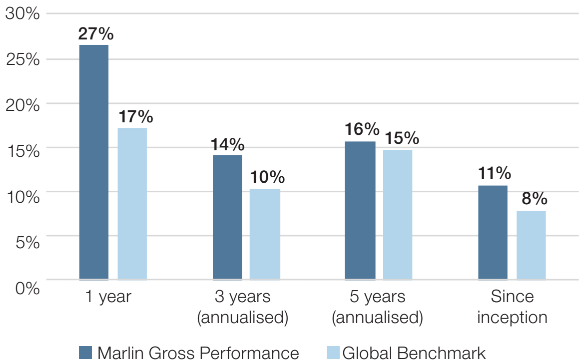
Marlin had another solid year in 2018, supported by buoyant equities markets and the strong performance by a number of long-term holdings including MasterCard, PayPal, Alibaba and Alphabet. Marlin's portfolio returned 26.6% before fees and tax[1] for the year, comparing favourably with the global benchmark[2] which gained 17.1%.

Global share markets had another strong year, with the US market again the standout as it extended its bull run to nine years. For the year to 30 June 2018, the MSCI World Index gained 9%, while the US market was up 12% on the back of a strong domestic economy and corporate tax cuts that drove an acceleration in corporate earnings growth.

While markets rose over the year, these gains masked a pick-up in volatility witnessed in February, when global markets fell close to 10% in one week. This drop was driven by rising inflation and interest rates, with concerns that the end of nine years of low interest rates could hit asset valuations. Risks of a potential trade war also spooked markets on a number of occasions, and recent threats of additional tariffs by the US continue to hang over markets.

Given the volatile environment, we were pleased the Marlin portfolio outperformed its global benchmark[2] and delivered strong double-digit returns for the year. We believe Marlin's performance relative to the global benchmark over the longer term (shown below) demonstrates the value that Fisher Funds' investment process can add.

Chart 1: Marlin annualised returns: Gross Performance vs Global Benchmark (to 30 June)



A proven investment process

While the year was a good one for the Marlin portfolio, there are always good years and bad years in financial markets. Chasing short-term returns often leads to disappointment and instead we focus our efforts on implementing an investment process that has been proven to deliver good outcomes over the long run.

Our investment philosophy is to invest in quality companies that have the ability to grow earnings over time. These companies have competitive advantages that protect them from competition and technological disruption (we call these advantages moats). They must also have the prospect of delivering materially higher earnings five and ten years from now. We also want a management team that has significant skin in the game and a solid track record. Here we are looking for a history of management decisions that show they are running the businesses to maximise long term value, rather than simply trying to hit short term metrics. But investing in these businesses alone won't drive outperformance – we also need to buy them when the market isn't fully appreciating the earnings potential of these companies. This is all easier said than done.

Our investment criteria means we are highly selective and has led to a relatively concentrated portfolio. Examples that we discuss below include technology and payments companies like **Alphabet**, **PayPal** and **Mastercard** that we believe have underappreciated growth potential; and healthcare companies like **Abbott Laboratories** and **Edwards Lifesciences** that have long-standing and highly regarded CEOs. In these latter examples, both CEOs have significant skin in the game and are driving growth via constant innovation and astute capital allocation.

From time-to-time our approach also leads us to opportunities like **adidas** and **Facebook**, where an opportunity presents itself as a result of the market's undue focus on short-term noise. When we invested in adidas in late 2014, we were attracted by its strong and resurgent brand and ambitious US growth plans. We also thought the market was overly despondent about its emerging market exposure. While adidas has worked out well for us since we invested in late 2014, with its share price more than tripling, the jury appears to still be out on the recent investment in Facebook. We have a more constructive view than the market on Facebook and discuss this later in the report.

We are an active investor and while the individual investments we hold will change through time, we believe the investment process we have developed and refined over the years should ultimately help us deliver good outcomes for Marlin investors.

[1] *Gross performance return*

[2] *S&P Large Mid Cap/S&P Small Cap Index (50% hedged to NZD)*

Highly selective collection of growing businesses

While there is a long list of companies we could consider investing in globally, we are highly selective and at year end held only 25 companies in the portfolio.

After a period of higher turnover in the portfolio since I took over as portfolio manager in January 2017, I now expect the rate of change to be slower. We expect to hold most companies now in the portfolio for the long-term, and will let compounding do the hard work for us. Given this, I want to provide a bit more detail on some of our largest long-term holdings. Why we own them, and why we think they will prove to be great compounders of capital in the years ahead.

Alphabet

Alphabet is the holding company that owns Google, the world's leading internet search provider and the largest global advertising platform by advertising revenue. Beyond search they have six other products with over one billion users, including YouTube, Gmail, Maps and Chrome.

As you will know, many of us are becoming addicted to our mobile phones and according to comScore the average US mobile user spends almost three hours a day on mobile devices! In this world where people increasingly go to their phone for information and entertainment, rather than reading the newspaper or watching TV, advertisers need to move advertising budgets to digital platforms. Whilst Alphabet has already been a significant beneficiary of this trend, its dominance in mobile search, combined with Google Maps, provide new ways for advertisers to target customers in a local setting. YouTube is also going from strength-to-strength as faster broadband speeds have resulted in a boom in mobile video consumption, and advertisers are now starting to pay up for video ad slots.

We also like Alphabet's long-term focus, which is rare in a market where many companies are more focused on quarterly targets. Management's focus on reinforcing its moat has resulted in some astute capital allocation decisions over the years. The acquisitions of Android in 2005 for an estimated $50 million and YouTube for $1.65 billion now look like the deals of the century (together they are now probably worth over 100x what they cost).

As a result of search and YouTube ad growth, we believe Alphabet will grow its earnings significantly faster than the market over the next three to five years (15% pa+), despite trading at only a modest premium to market multiples after adjusting for Alphabet's cash balance and its investments in cloud and its Other Bets (self-driving cars, healthcare, connected homes etc.)

Mastercard

Mastercard is a good example of a business that the market has continually underappreciated. We first invested three years ago and wish we had invested sooner. Despite being a household name, its share price has increased 40-fold since its IPO in 2006 – an average return of 37% per annum over the last 12 years! The market has underappreciated just how well placed MasterCard is to benefit from the move away from cash towards credit and debit cards. While we have been earlier adopters of debit and credit cards in New Zealand, you may notice that when you travel to the US or Europe a lot of people still like to use cash and 'tap and pay' is generally still unavailable. In fact, over 50% of transactions globally still occur in cash, which gives us comfort there are still years of growth ahead.

Mastercard's moat is based on its global network of over 2.4 billion cards in use and 30 million merchants where they are accepted, which would be nearly impossible for a new entrant to replicate. This network effect has kept new players from entering the market and essentially given Mastercard and Visa a duopoly.

One of the beauties of Mastercard's business is a cost base that is largely fixed (some server, staff and marketing costs), meaning expenses don't increase meaningfully when revenues grow. This has resulted in operating margins increasing to over 55% and is likely to continue driving earnings growth that is higher than revenue growth in the years ahead. Over the last 10 years, Mastercard has grown revenue and earnings per share (EPS) by 12% and 17% respectively. The business also requires very limited capital to grow, allowing them to return most of its cash to shareholders each year in the form of dividends and share buybacks.

Overall, we see a business with a wide moat, that is difficult to disrupt, and has many years of profitable growth ahead. We expect revenue growth of more than 10% per annum and EPS growth of over 15% over the medium term.

Refer chart 2

Chart 2: Mastercard recurring earnings per share (USD)

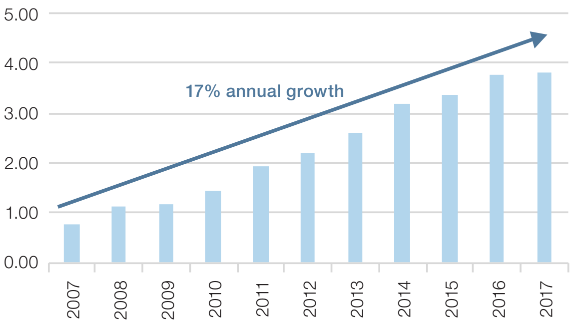
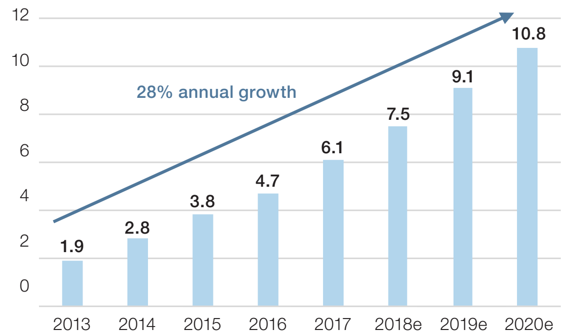


Chart 3: China ecommerce GMV (trillion yuan)



Source: iResearch

Alibaba

Alibaba is a Chinese internet juggernaut and the dominant e-commerce platform with c.70% market share (largely via its Taobao and Tmall platforms). Alibaba has more active users and sells more merchandise each year than Amazon.

We believe Alibaba is well placed to benefit from growth in online commerce in China, which is supported by increasing internet penetration (due to mobile devices), a growing middle class, a lack of traditional retail infrastructure compared to more developed markets, and a growing preference for online shopping. Despite Alibaba's scale, the number of active users on its e-commerce platforms has still grown by 22% over the last year and the volume of goods sold on its websites grew 28%.

Despite Alibaba's strong share price performance since we invested in 2015, we still believe the market isn't fully appreciating the company's growth prospects. As well as its e-commerce business, Alibaba owns a third of the largest digital payments business in China, AliPay, and the largest cloud services platform in China. Alibaba's cloud business, Aliyun, has nearly 50% market share in China and over the last year has grown its business by 100%. If you take all of these businesses into account, then we are investing in Alibaba's core e-commerce business at a valuation multiple in line with slow growing offline retailers like H&M and Inditex/Zara.

Alibaba continues to reinvest aggressively in its business, particularly in its logistics capabilities (via its Cainao subsidiary), its cloud business, and in a number of retail concepts like its small format Hema supermarkets which blend offline and online retail. We believe these investments are planting the seeds for longer-term growth, while its core e-commerce business should deliver revenue and earnings growth of more than 20% per annum in the interim.

Refer chart 3 above

PayPal

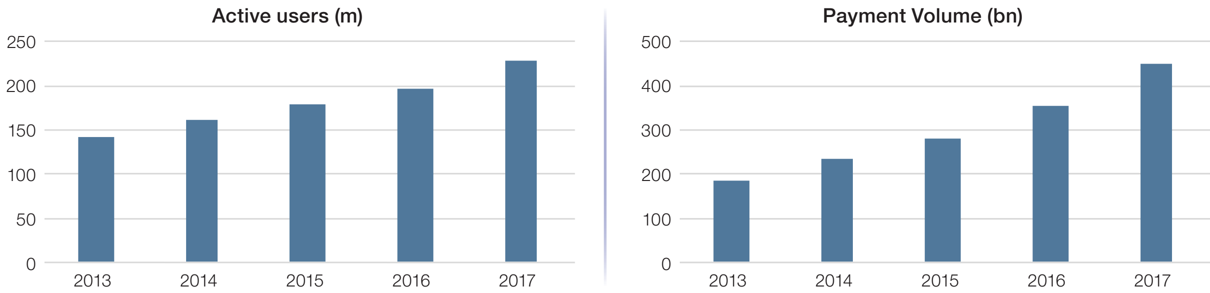
PayPal was spun-off from eBay in 2015 and is a leading online payments platform with over 240 million user accounts and 20 million merchant customers. PayPal allows users to transact securely online and with significantly less friction than entering credit card details for cash transactions (reducing shopping cart abandonment for retailers).

PayPal has long been a beneficiary of the shift to e-commerce, which on its own supports double-digit revenue growth. PayPal's solutions become increasingly important as consumers embrace smartphones (rather than PCs) for making purchases and transferring funds. PayPal's 'OneTouch' product is rapidly being adopted by merchants as it allows mobile users to make payment with one click (no re-entering passwords, credit card details or shipping addresses), which helps merchants increase customer conversion. PayPal also owns the most popular peer-to-peer payment platforms in the US (Venmo), which allows users to easily repay friends for meals and rent, or to transfer money to family members. Venmo is extremely popular among millennials and its payment volume jumped over 80% in the last year.

Because PayPal is largely focused on online payments, we see PayPal outgrowing MasterCard and expect organic revenue growth of more than 15% per annum over the medium term. As PayPal is a scalable business, we also see the potential for ongoing margin expansion and would expect earnings to grow at over 20% per annum over the next five years. Despite PayPal's strong share price performance, we still see significant long-term upside.

Refer to chart 4

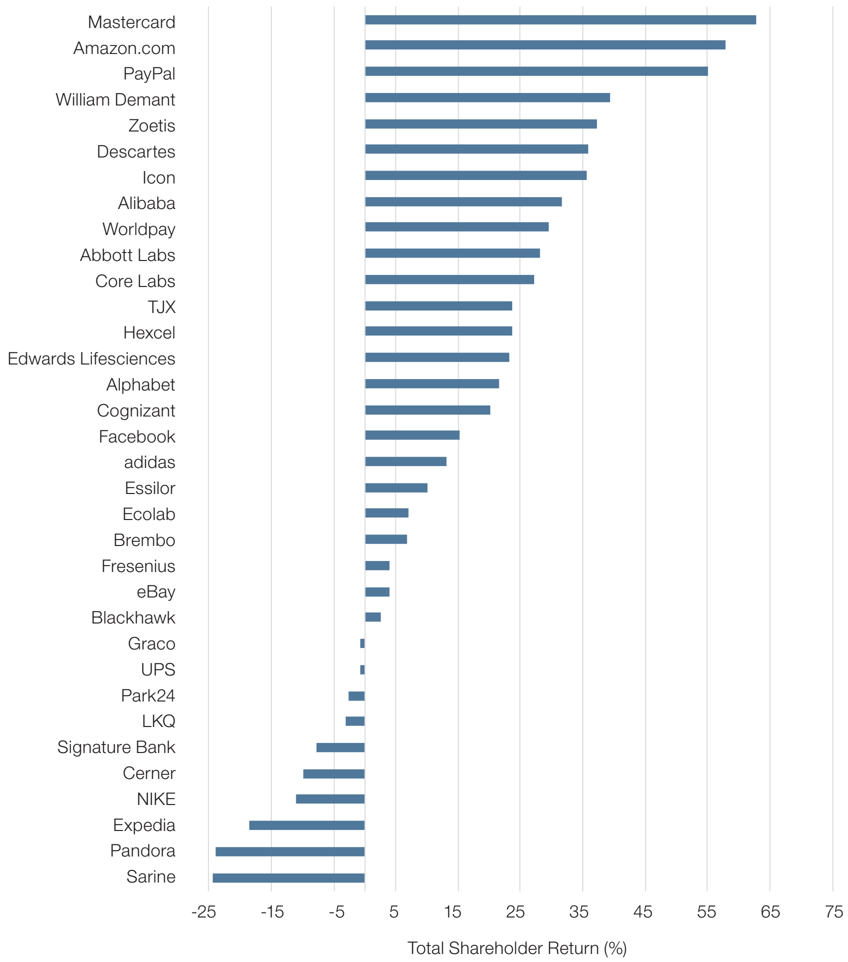
Chart 4: PayPal active user and payment volume growth



Performance of portfolio holdings

As shown below, approximately 70% of Marlin's portfolio companies delivered positive returns over the year. More importantly, 60% of Marlin's positions outperformed the global benchmark.

Chart 5: Portfolio company returns – year to 30 June 2018



Performance highlights and lowlights

Two of the top performers for the year were payments companies **Mastercard** (+63%) and **PayPal** (+55%). **PayPal** was buoyed by strong e-commerce growth and the increasing preference for digital wallets like PayPal by online shoppers (for both security and ease of use). This strong growth and good cost control contributed to PayPal's 22% revenue and 28% EPS growth over the last fiscal year.

Mastercard has also been supported by e-commerce, but also more broadly by the move away from cash at point of sale as discussed earlier. The global rollout of technologies like PayPass/PayWave, the use of services like Uber (no cash accepted), and banks and airlines providing generous rewards points are all contributing to the rapid growth of credit and debit card usage. These structural trends, combined with a pickup in the global economy over the last year, drove 16% revenue growth for MasterCard. As a large portion of Mastercard's cost base is fixed, Mastercard levered this top line growth into 21% EPS growth.

Amazon (+58%) was also a very strong performer on the back of continued e-commerce market share gains and an acceleration in growth in its profitable cloud computing business, Amazon Web Services (AWS).

Expedia (-19%) dragged on performance. Its decision to hire additional staff to aggressively expand its hotel offering in Europe and Asia (outside its US stronghold) and the decision to move its IT infrastructure to the cloud are providing a drag on near-term profitability. We believe these are the right decisions and they demonstrate a focus by new CEO (Mark Okerstrom) on prioritising long-term growth over short-term margins. Despite this step up in investment, Expedia is still expected to grow earnings of 7-12% in 2018, before reaccelerating in 2019.

Sarine's performance (-25%) was disappointing and was impacted by both a weak diamond market and the entrance of a competing inclusion mapping service in its core Indian market. The competitor has been using pirated Sarine software and while Sarine filed a lawsuit in India seeking an injunction and damages, it has had a significant impact on Sarine's business. We exited Sarine during the year as we became concerned with this dynamic and the reality that the market is now more mature and slower growing than when we first invested in Sarine.

Pandora (-24%) was a new holding during the year and needless to say it has not performed as we expected. Pandora is one of the leading jewellery brands globally, both in terms of brand recognition and sales, and when we invested, we believed the short-term deterioration in sales would prove transitory. The increased focus on innovation and new rose gold and gold plated charms would lift growth. However, recent results have been dragged down by slowing growth in China, and overall weak like-for-like sales globally have shown that its new collections are having limited impact. Following recent results, it has become apparent to us that despite management's best efforts, Pandora's profitability is unlikely to return to previous levels. It appears the demand for charms is weakening and more competition has been entering the branded jewellery space. Since year end, we have decided to exit Marlin's position in Pandora. In investing it is important to admit when you have made a mistake and we have taken some valuable lessons from this investment.

Portfolio additions and exits

2018 was a year of higher than usual portfolio turnover as we completed the portfolio restructuring started in January 2017. We would expect turnover to be lower going forward. During the year we identified and added five new companies to the portfolio, funded by the exit of nine existing holdings.

Portfolio additions	Portfolio exits
Hexcel	WorldPay
Signature Bank	Graco
TJX Companies	Park 24
Facebook	Nike
Pandora	Brembo
	Blackhawk Network
	Sarine
	Amazon
	William Demant

Note: Hexcel, Signature Bank, WorldPay, Graco, Park 24, Nike and Brembo were discussed in the interim report and are not discussed below.

Portfolio additions

TJX Companies (TJX) is an off-price US retailer that sells branded clothing, such as Nike and Ralph Lauren, accessories and selected homeware at a 20%-60% discount to a full-price retailer. TJX can sell inventory cheaper than other retailers as it sources stock from store closures, order cancellations and manufacturer overruns. The company has a longstanding management team with a strong track record and have grown earnings per share at an average rate of 16% per annum over the last 20 years (and grew in

19 of those years). We believe TJX has a good growth runway for new stores openings and should be able to grow earnings at close to 10% per annum, while paying a steady and increasing dividend.

We added **Facebook** to the Marlin portfolio in April at the height of drama around data privacy and Cambridge Analytica. Facebook owns four of the most dominant social networking and messaging platforms in the world (Facebook, Instagram, Messenger and WhatsApp) and has an unparalleled ability to deliver an audience of over 2 billion users to advertisers. The average US user spends over an hour a day on Facebook and Instagram combined and the decline of TV viewing means advertisers are increasingly having to find potential customers on these platforms. Facebook's data means it can offer advertisers a level of targeting like no one else, which when combined with Facebook's huge reach, should allow Facebook to capture a significant share of advertising budgets as they move online.

Portfolio exits

We exited US based digital gift card distributor **Blackhawk Networks** following a takeover offer by US private equity firm Silver Lake at a 24% premium. Blackhawk is a business in which we saw considerable long-term growth prospects and while we are sad to see Blackhawk leave the portfolio, we believe the premium paid is fair.

As discussed above, we exited **Sarine** as we became concerned with increased competition in the Indian market. We also have some reservations about the length of the growth runway still available to Sarine and believe the market is significantly more mature than when Marlin first invested in Sarine in 2009.

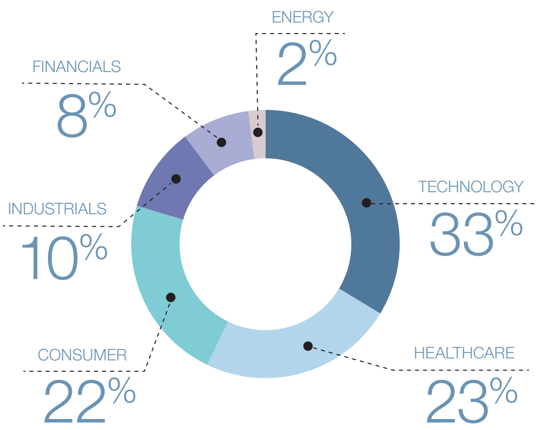
Hearing aid manufacturer **William Demant** has delivered strong results since we initiated the position in March 2017, with its new Oticon Opn range of hearing aids driving market share gains and better than expected organic growth (10% organic revenue growth and 20% net income growth in 2017). Going forward, the company expects growth to be lower and more in line with the 5% industry growth. William Demant's share price was up 55% since adding it to the portfolio and when we exited it was trading at a very elevated valuation (28x PE) for a company with expected revenue growth of only 5%. We decided to exit our position and reinvest the proceeds elsewhere in the portfolio.

The decision to exit **Amazon** was a difficult one as we admire Amazon, its founder Jeff Bezos, and the wide moats it is building around its retail and cloud businesses. However, the share price has more than doubled since we invested two years ago and we believe the market is getting ahead of itself. Specifically, investors may be overly optimistic about the margin levels Amazon can ultimately achieve in its retail business, particularly given future retail growth will be increasingly dependent on less profitable categories (like grocery). Amazon appears priced to perfection, with little room for hiccups.

Portfolio positioning

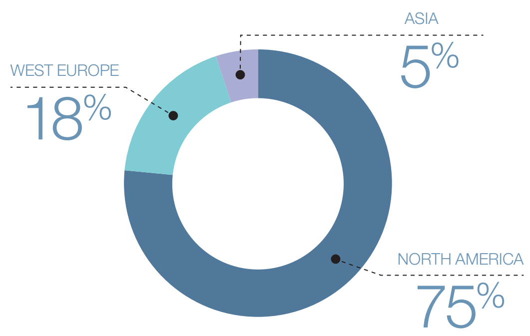
After these changes, as at 30 June 2018, the Marlin portfolio comprised 25 companies, diversified across a range of sectors and countries.

Chart 6: Marlin portfolio - Sector split as at 30 June 2018



The Marlin portfolio also holds cash.

Chart 7: Marlin portfolio - Geographical split as at 30 June 2018



The Marlin portfolio also holds cash.

Outlook

While still not firing on all cylinders, we would characterise the global economy as strong and growing steadily. US economic growth has accelerated recently, with the most recent GDP growth reading of 4.1% the best in 4 years. Low US unemployment is also spurring wage increases and supporting consumer spending. The bulk of the Marlin portfolio is currently invested in the US, where this solid economic backdrop contributed to corporate revenue and earnings growth of 9% and 25% respectively in the most recent quarter. While not as strong as the US, the European economy also continues to grow and jobs are being created.

While the economic environment is clearly supportive of the share market, there are also some risks looming. Equity market valuations are high relative to history and increasing interest rates and inflation could put pressure on the price investors are willing to pay for equities. We saw this happen briefly in February, when volatility spiked and markets dropped. A prolonged trade war between the US and China would also impact growth if businesses hold off investing until visibility improves.

There are always risks on the horizon, but on balance we retain a positive outlook. We are investing for the long-term and don't try and time the market. While the market can be volatile, we see good growth prospects for the companies in our portfolio and believe that collectively they will deliver good returns for shareholders over the long run.

Ashley Gardyne / Senior Portfolio Manager
Fisher Funds Management Limited
21 September 2018

Portfolio Holdings Summary as at 30 June 2018

Headquarters	Company	% Holding
Canada	Descartes Systems	3.2%
China	Alibaba Group	4.8%
Denmark	Pandora	2.4%
France	Essilor International	4.7%
Germany	adidas	3.0%
	Fresenius Medical Care	4.6%
Ireland	Icon	3.5%
United States	Abbott Laboratories	3.6%
	Alphabet	6.9%
	Cerner Corporation	4.2%
	Cognizant	4.2%
	Core Laboratories	2.0%
	eBay	3.4%
	Ecolab	3.0%
	Edwards Lifesciences	2.5%
	Expedia	4.4%
	Facebook	4.3%
	Hexcel Corporation	3.6%
	LKQ	3.8%
	Mastercard	4.6%
	PayPal	5.8%
	Signature Bank	3.5%
	TJX Companies	5.4%
	UPS	2.9%
	Zoetis	3.7%
	Equity Total	**98.0%**
	NZ dollar cash	1.2%
	Total foreign cash	2.3%
	Cash Total	**3.5%**
	Forward foreign exchange contracts	-1.5%
	TOTAL	**100.0%**

THE STEEPP PROCESS

Fisher Funds employs an investment analysis model that it calls the STEEPP process to analyse existing and potential 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 broadly determine their portfolio weighting (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? Fisher Funds prefers to buy companies that exhibit secular growth characteristics where the company has proven its ability to provide a high or improving return on invested capital.

E

EARNINGS GROWTH FORECAST

What is the company's earnings growth forecast over the next three to five years? What is the probability of achieving the forecast? What does Fisher Funds expect the company's earnings potential to be? Fisher Funds notices that too many analysts focus on short-term earnings. As long-term growth investors, Fisher Funds thinks about where the company's earnings could be in three to five years.

P

PEOPLE/MANAGEMENT

Who are 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? Do 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 Fisher Funds, 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 Fisher Funds' 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.

Applying this STEEPP analysis, Fisher Funds constructed a portfolio for Marlin which comprised 25 securities as at 30 June 2018.

MARLIN PORTFOLIO COMPANIES

The following is a brief introduction to each of your portfolio companies, with a description of why Fisher Funds believes they deserve a position in the Marlin portfolio. Total shareholder return is for the year to 30 June 2018 and is based on the closing price for each company plus any capital management initiatives. For companies that are new to the portfolio in the year, total shareholder return is from the first purchase date to 30 June 2018.

UNITED STATES

What does it do?

Abbott Laboratories is a global healthcare company with leading market positions in medical devices, infant formula, adult nutrition, diagnostics and branded generic drugs.

Why do we own it?

Abbott Laboratories is well placed with market leading positions in a number of growing end markets driven by an aging population and emerging market growth. Abbott Laboratories has a long track record of profitable investment into fast growing healthcare segments and we expect them to continue to reinvest in the business to strengthen its competitive position and drive continued growth over the long term.

Total Shareholder Return

+28%

GERMANY

What does it do?

Adidas is the largest European and second largest global sportswear manufacturer.

Why do we own it?

Adidas is one of the world's leading brands and has a strong track record of growth. After going through a difficult period due to factors that were largely outside the company's control, management have turned the business around and are now growing revenues and earnings rapidly. Adidas is taking market share in the lucrative US market, and we see many years of growth ahead.

Total Shareholder Return

+13%

CHINA

What does it do?

Alibaba is the largest e-commerce player in China with an overall online shopping market share of around 60%.

Why do we own it?

Alibaba is the online marketplace leader in China and is almost four times larger than its nearest competitor. It has sustainable competitive advantages through its extensive network and scale. Alibaba is also a major beneficiary of strong online shopping growth in China due to continued urbanisation, increasing incomes and a poor physical retail infrastructure in many Chinese cities. Alibaba is expected to grow revenue in excess of 25% per annum over the next few years.

Total Shareholder Return

+32%

Total shareholders return in local currency sourced from Factset.

MARLIN PORTFOLIO COMPANIES CONTINUED

Alphabet

UNITED STATES

What does it do?

Alphabet is the holding company which owns the world's leading internet search provider, Google. Google is the world's most visited website and the largest global advertising platform by advertising revenue.

Why do we own it?

Alphabet has wide moats arising from its dominant position in online search, significant intellectual property and a strong brand. We believe Alphabet will grow strongly as global advertising budgets gradually shift from television to digital formats.

Total Shareholder Return

+21%

Cerner

UNITED STATES

What does it do?

Cerner is the world's largest healthcare information technology provider with a range of solutions for all the software needs of healthcare organisations including electronic medical records, practice management, billing systems, as well as applications in the area of population health management (data analytics which predicts medical care requirements for patient populations).

Why do we own it?

Cerner's software is critical to its clients' operations. Switching costs are high and switching tendencies are very low. It has superior technology that has allowed it to continuously win market share as the industry consolidates. Cerner has a strong track record and attractive growth outlook as a result of increasing IT requirements in the healthcare sector.

Total Shareholder Return

-10%

Cognizant

UNITED STATES

What does it do?

Cognizant is a leading IT services company providing information technology, consulting and business services to a range of large global companies.

Why do we own it?

Cognizant is a wide moat company that is deeply ingrained with its customers as a partner in IT and wider business strategy. Cognizant has invested heavily to position itself to benefit as businesses become more digital – using IT to implement social, media, analytics and cloud applications. Furthermore, Cognizant has a strong management team and a great track record of growth and innovation.

Total Shareholder Return

+20%

UNITED STATES

What does it do?

Core Laboratories is a US based oil services company specialising in enhanced oil production and oil reservoir management with an ultimate goal of maximising the efficiency of hydrocarbon recovery by oil companies.

Why do we own it?

Core Laboratories is a rare, wide moat company in the energy sector given its unique and difficult to replicate library of oilfield data that is used by its clients to increase the extraction and return from oilfields. Core Laboratories offers a strong value proposition to its clients, allowing them to generate higher returns through improved production efficiency at relatively low cost. The company has a track record of generating strong cash flow and returning this to shareholders.

Total Shareholder Return

+27%

CANADA

What does it do?

Descartes is a logistics software business which allows businesses to plan, book and track freight movements globally.

Why do we own it?

Descartes business moat is centred on its Global Logistics Network (GLN). The GLN connects supply chain participants, in real time, giving visibility and control of movement of goods across increasingly regulated and complex global supply chains. This network would be very difficult to replicate and is highly valuable for shippers.

Total Shareholder Return

+36%

UNITED STATES

What does it do?

eBay is one of the world's largest online marketplaces and brings merchants and consumers together through online websites and mobile applications. eBay has over 175 million active users.

Why do we own it?

eBay has an enviable track record of value creation, generates strong cashflow, and through new initiatives in data analysis and improving features on their website, is expected to accelerate revenue growth and grow earnings at double digit rates over the next three to five years.

Total Shareholder Return

+4%

MARLIN PORTFOLIO COMPANIES CONTINUED

UNITED STATES

What does it do?
Ecolab is a market leader in providing cleaning and sanitising solutions for the foodservice, hospitality and healthcare industries. It also provides chemicals and technologies to the water treatment and oil production industries.

Why do we own it?
Ecolab offers a strong value proposition for its vast client base, with its product innovations resulting in reduced energy and water usage, lower labour costs and reduced downtime. Ecolab is a high quality company that invests significantly more than its competitors in developing innovative products and this has resulted in continued market share gains. Ecolab has an excellent record of stable growth and strong growth prospects.

Total Shareholder Return

+7%

UNITED STATES

What does it do?
Edwards Lifesciences is the global market leader in the treatment of heart valve disease, which impacts millions of people worldwide and carries a poor prognosis if left untreated. Edward's main product allows for the treatment of this disease without the need for risky open heart surgery.

Why do we own it?
Edwards Lifesciences continues to lead the industry in innovation, investing in the development of new products which both improve medical outcomes for patients and help doctors treat a wider range of previously untreated patients using a lower risk approach. With a dominant market share and continued investment in research and development, Edwards Lifesciences is well positioned for long-term growth.

Total Shareholder Return

+23%

FRANCE

What does it do?
Essilor is the leading global manufacturer of corrective lenses, selling to optometrists and other eyewear retailers. More recently, Essilor has expanded into branded sunglasses and online retail, where it owns a number of leading eyewear e-commerce sites.

Why do we own it?
Essilor is the market leader and continues to drive innovation in corrective lenses. They are well positioned to take advantage of the structurally growing prescription eyewear market, driven by an aging population and increased adoption in emerging markets. Essilor's proposed merger with Luxottica, the largest manufacturer and retailer of frames and sunglasses, will create a dominant industry player from manufacturing through to retail.

Total Shareholder Return

+10%

Expedia

UNITED STATES

What does it do?

Expedia is the largest online travel agent in the US and is ranked in the top two in most markets globally. Expedia aims to provide the latest technology and the widest selection of top vacation destinations, cheap tickets, hotel deals, car rentals and in-destination activities.

Why do we own it?

Expedia has a solid long-term growth outlook coming from a combination of travel industry growth and an increasing tendency to book travel online. Additionally, the online travel agency industry has consolidated to two main players who now have considerable size and hotel network advantages, which act as a highly effective barrier to new entrants. We expect Expedia to grow earnings at double digit rates over the next few years.

Total Shareholder Return

-19%

facebook

UNITED STATES

What does it do?

Facebook owns four of the most dominant social networking and messaging platforms in the world – the Facebook app, Instagram, Messenger and WhatsApp. It monetises these platforms by selling advertising slots to millions of businesses globally.

Why do we own it?

The average US user spends over an hour a day on Facebook and Instagram combined. This high user engagement, combined with Facebook's unparalleled ability to deliver an audience of over 2 billion users to advertisers, has created one of the most valuable advertising platforms in the world. We see significant growth ahead as Facebook captures a considerable share of advertising dollars as media budgets move away from TV and towards digital platforms.

Total Shareholder Return

+15%

Purchased during the year

FRESENIUS

GERMANY

What does it do?

Fresenius is a market leader in the global dialysis industry. They are also the only vertically integrated player, providing both equipment and services to the dialysis market.

Why do we own it?

Fresenius has strong growth prospects globally as kidney disease becomes more prevalent in an aging population. Fresenius' depth of knowledge and data around dialysis should allow them to improve patient outcomes while reducing the overall cost of treatment for the growing global dialysis population.

Total Shareholder Return

+4%

UNITED STATES

What does it do?
Hexcel is a leading supplier of advanced composite materials (like carbon fibre) for aerospace, wind turbines and automobiles. Advanced composites are generally lighter and stronger than traditional materials such as aluminum, which has seen the composite content of aircraft and other industrial applications increase significantly over time.

Why do we own it?
The aerospace composite industry has high barriers to entry due to scale, the close integration of processes with its aerospace manufacturer clients, and the lengthy qualification processes required to be able to supply Airbus and Boeing's aircraft programmes. Only a few manufacturers are qualified to supply composite parts and materials to these aerospace customers.

Total Shareholder Return

+24%

Purchased during the year

IRELAND

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

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

Total Shareholder Return

+36%

UNITED STATES

What does it do?
LKQ is the largest distributor of alternative replacement parts to repair cars and trucks in the US and Europe.

Why do we own it?
LKQ's customer value proposition is strong, as alternative parts cost 20%-50% less than new parts and have been growing in popularity with auto repair shops and insurers. LKQ is the only nationwide distributor of these parts in the US and is growing its footprint in Europe. We believe LKQ can grow strongly over the next few years as it takes market share and integrates recent acquisitions in Europe.

Total Shareholder Return

-3%

UNITED STATES

What does it do?

MasterCard is the second largest payment network in the world, operating in 210 countries and supporting more than 2 billion cards across its network.

Why do we own it?

MasterCard's growth outlook is underpinned by the secular shift to electronic payments and away from cash, particularly in emerging markets where MasterCard has significant presence. These structural growth drivers combined with increasing margins and high cash flow generation (allowing for substantial share buybacks) support a strong growth outlook over the medium to long term.

Total Shareholder Return

+63%

UNITED STATES

What does it do?

PayPal is a global leader in online payments.

Why do we own it?

We are attracted to PayPal due to its broad based and sustainable competitive advantages and strong growth prospects. PayPal has technology, scale and global network advantages which give it a considerable edge over its competitors. Furthermore, PayPal benefits from continued growth in e-commerce.

Total Shareholder Return

+55%

UNITED STATES

What does it do?

Signature Bank is a specialist regional bank, lending largely to wealthy families and private businesses in and around New York. They have a sticky deposit base that comes from managing transactional business accounts for businesses like law firms, accounting firms and property management companies.

Why do we own it?

Signature Bank has an uncomplicated relationship driven business model and industry leading profitability. Its ability to attract and retain senior bankers from other firms through an attractive profit sharing compensation model has allowed them to grow loans and deposits at over 20% pa over the last 10 years. They also have a very strong history of credit control. Signature Bank is still a small bank in a very large market and we see many more years of growth ahead.

Total Shareholder Return

-8%

Purchased during the year

UNITED STATES

What does it do?
TJX Companies (TJX) is an off-price retailer with stores in the US, Canada, Europe and Australia. The company sells branded clothing, such as Nike and Ralph Lauren, accessories and homeware at a 20%-60% discount to a full-price retailer. TJX can sell inventory cheaper than other retailers as it sources stock from store closures, order cancellations and manufacturer overruns.

Why do we own it?
The company has a longstanding management team with a strong track record. TJX has a significant runway for new store openings, which should help drive earnings growth of close to 10% per annum while paying a steady and increasing dividend.

Total Shareholder Return

+24%

Purchased during the year

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 over 100,000 ground vehicles and 500 aircraft.

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

-1%

zoetis

PANDORA

UNITED STATES

What does it do?

Zoetis is a leader in the animal health space - an industry with attractive attributes. It is the worlds largest producer of medicine and vaccines for pets and livestock.

Why do we own it?

Zoetis has a wide moat built around intellectual property, brand recognition and a large direct sales force, giving it access to key decision makers like veterinarians. The growth runway is underpinned by a number of secular growth drivers, including increased global protein requirements, increased pet ownership and the ‘humanisation’ of pets.

Total Shareholder Return

+37%

PANDORA

The Marlin portfolio held shares in Pandora as at 30 June; however, as discussed on page 15 this position has now been exited.

Total Shareholder Return

-24%

Purchased during the year

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

BOARD OF DIRECTORS

ALISTAIR RYAN *MComm (Hons), CA*

Chair of the Board
Chair of Remuneration and Nominations Committee
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, Kiwibank, Christchurch Casinos, Evolve Education and Metlifecare. Alistair had a 16-year career with SKYCITY Entertainment Group Limited (from pre-opening and pre-listing in 1996 through 2012). Alistair was a member of the senior executive team, holding the positions of General Manager Corporate, Company Secretary and Chief Financial Officer. Prior to SKYCITY, Alistair was a Corporate Services Partner with international accounting firm Ernst & Young, based in Auckland. He is a Fellow of Chartered Accountants Australia and New Zealand. Alistair's principal place of residence is Auckland.

Alistair was first appointed to the Marlin board on 10 February 2012.

CAROL CAMPBELL *BCom, CA*

Chair of Audit and Risk Committee
Independent Director

Carol Campbell is a chartered accountant and a member of Chartered Accountants Australia and New Zealand. 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 T&G Global, New Zealand Post, Asset Plus and NZME where she is also Chair of the Audit and Risk Committee. Carol is also a director of Kingfish and Barramundi. Carol was a director of The Business Advisory Group, a chartered accountancy practice, for 11 years and prior to that a partner at Ernst & Young for over 25 years. Carol's principal place of residence is Auckland.

Carol was first appointed to the Marlin board on 5 June 2012.

CARMEL FISHER *BCA*

Director

Carmel Fisher established Fisher Funds Management Limited in 1998. 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 is also a director of Kingfish, Barramundi and New Zealand Trade & Enterprise. Carmel's principal place of residence is Auckland.

Carmel was first appointed to the Marlin board on 30 January 2004.

ANDY COUPE *LLB*

Chair of Investment Committee
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 involving numerous initial public offerings and secondary market transactions and takeover transactions. Andy is a director of Kingfish, Barramundi, Briscoe Group, Coupe Consulting and Gentrack Group. He is also Chair of Farmright, the New Zealand Takeovers Panel and Deputy Chair of Television New Zealand. Andy's principal place of residence is Hamilton.

Andy was first appointed to the Marlin board on 1 March 2013.

CORPORATE GOVERNANCE STATEMENT

For the year ended 30 June 2018

Marlin's board recognises the importance of good corporate governance and is committed to ensuring that the company meets best practice governance principles to the extent that it is appropriate for the nature of the Marlin operations. Strong corporate governance practices encourage the creation of value for Marlin shareholders, while ensuring the highest standards of ethical conduct and providing accountability and control systems commensurate with the risks involved.

The board is responsible for establishing and implementing the company's corporate governance frameworks, and is committed to fulfilling this role in accordance with best practice having appropriate regard to applicable laws, the NZX Corporate Governance Best Practice Code ("NZX Code") and the Financial Markets Authority Corporate Governance - Principles and Guidelines. The board oversees the management of Marlin, with the day-to-day management responsibilities of Marlin being delegated to Fisher Funds Management Limited ("Fisher Funds" or "the Manager").

As at 30 June 2018, Marlin was in compliance with the NZX Code, with the exception of recommendations 4.3 and 5.3 for the reasons explained under the relevant principles.

The corporate governance policies and procedures, and board and committee charters, are regularly reviewed by the board against the corporate governance standards set by NZX, any regulatory changes, and developments in corporate governance practices.

The Marlin constitution and each of the charters, codes and policies referred to in this section are available on the Marlin website (www.marlin.co.nz) under the "About Marlin" "Policies" section.

Principle 1 – Code of ethical behaviour
Directors should set high standards of ethical behaviour, model this behaviour and hold management accountable for these standards being followed throughout the organisation.

Code of Ethics & Standards of Professional Conduct

Marlin's Code of Ethics & Standards of Professional Conduct details the ethical and professional behavioural standards required of the directors and those employees of the Manager who work on Marlin matters.

The Code of Ethics & Standards of Professional Conduct covers a wide range of areas including: standards of behaviour, conflicts of interest, proper use of company information and assets, compliance with laws and policies, reporting concerns and receiving gifts.

Any person who becomes aware of a breach or suspected breach of the Code of Ethics & Standards of Professional Conduct is required to report it immediately in accordance with the procedure set out in the Code of Ethics & Standards of Professional Conduct.

Training on the Code of Ethics & Standards of Professional Conduct is included as part of the induction process for new directors and employees of the Manager.

Securities Trading Policy

The Securities Trading Policy details the trading restrictions on persons nominated by Marlin (including its directors and employees of the Manager who work on Marlin matters) in Marlin shares and other securities.

In relation to Marlin shares, nominated persons, with the permission of the board of Marlin, may trade in Marlin 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.

Nominated persons may not trade in Marlin shares when they have price sensitive information that is not publicly available.

Conflicts of Interest Policy

The Conflicts of Interest Policy outlines the board's policy on conflicts of interest. The policy details the process to be adopted for identifying conflicts of interests and managing any such conflicts.

Principle 2 – Board composition and performance
To ensure an effective board, there should be a balance of independence, skills, knowledge, experience and perspectives.

Board charter

Marlin's board operates under a written charter which defines the respective functions and responsibilities of the board, focusing on the values, principles and practices that provide the corporate governance framework.

The board has overall responsibility for all decision making within Marlin. 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. The board has delegated the day-to-day management of Marlin to the Manager.

The board uses committees to address certain matters that require detailed consideration. The board retains ultimate responsibility for the function of its committees and determines their responsibilities. The board is assisted in meeting its responsibilities by receiving reports and plans from Fisher Funds and through its annual work programme.

Directors have access to key employees of the Manager who are connected to the activities of Marlin and can request any information they consider necessary for informed decision making.

Nomination and appointment of directors

In accordance with Marlin's constitution and NZX Listing Rules, one third of the directors are required to retire by rotation and may offer themselves for re-election by shareholders each year. Procedures for the appointment and removal of directors are also governed by the constitution. The Remuneration and Nominations Committee is responsible for identifying and nominating candidates to fill director vacancies for board approval.

Written agreement

The company provides a letter of appointment to each newly appointed director setting out the terms of their appointment. The letter includes information regarding the board's responsibilities, expectations of directors, tenure and independence, expected time commitments, indemnity and insurance provisions, declaration of interests and confidentiality. New directors are required to consent to act as a director.

Director information and independence

The board comprises four directors with diverse backgrounds, skills, knowledge, experience and perspectives. Information about each director including a profile of experience is available on page 28 of this Annual Report and also on the Marlin website.

The board takes into account guidance provided under the NZX Main Board/Debt Market Listing Rules in determining the independence of directors. Director independence is considered annually. 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.

As at 30 June 2018, the board considers that Alistair Ryan (Chair), Carol Campbell and Andy Coupe are independent directors. As at 30 June 2018, the board considers that Carmel Fisher is not an independent director by virtue of the Management Agreement between Marlin and Fisher Funds, and her being a director of Fisher Funds.

Information in respect of directors' ownership interests is available on page 59.

Diversity

Marlin has a formal Diversity Policy. The board views diversity as including but not being limited to, skills, qualifications, experience, gender, race, age, ethnicity and cultural background. The board recognises that having a diverse board will enhance effectiveness in key areas.

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 board's gender composition was as follows:

	Number		Proportion	
2018 position	**Female**	**Male**	**Female**	**Male**
Directors	2	2	50%	50%
Corporate Manager		1		100%

	Number		Proportion	
2017 position	**Female**	**Male**	**Female**	**Male**
Directors	2	2	50%	50%
Corporate Manager		1		100%

The board believes that Marlin has achieved the objectives set out in its Diversity Policy for the year ended 30 June 2018.

Director training

All directors are responsible for ensuring they remain current in understanding their duties as directors. To ensure ongoing education, directors are regularly informed of developments that affect the company's industry and business environment.

Assessment of director performance

The Remuneration and Nominations Committee conducts a formal review of director, committee and board performance annually. Appropriate strategies for improvement are recommended to the board as and when required. The Chair of the board also has discussions with directors on individual performance.

Separation of the Chair and Chief Executive

Marlin delegates its management personnel requirements to Fisher Funds pursuant to an Administration Services Agreement. The Chair of Marlin is a different person to the Chief Executive of Fisher Funds.

Principle 3 – Board committees
The board should use committees where this will enhance its effectiveness in key areas, while still retaining board responsibility.

The board has three standing committees: the Audit and Risk Committee, the Remuneration and Nominations Committee and the Investment Committee.

Each committee operates under a charter approved by the board. The charter of each committee is reviewed annually.

Director meeting attendance

A total of eight board meetings, two Audit and Risk Committee meetings, one Remuneration and Nominations Committee meeting and two Investment Committee meetings were held in 2018. Director attendance at board meetings and committee member attendance at committee meetings is shown below.

Director	Board	Audit and Risk Committee	Remuneration and Nominations Committee	Investment Committee
Carol Campbell	8/8	2/2	1/1	2/2
Andy Coupe	8/8	2/2	1/1	2/2
Carmel Fisher*	8/8	2/2	1/1	2/2
Alistair Ryan	8/8	2/2	1/1	2/2

**Carmel Fisher was an attendee at the Audit and Risk Committee meetings.*

Audit and Risk Committee

The Audit and Risk Committee Charter sets out the objectives of the Audit and Risk Committee, which are to provide assistance to the board in fulfilling its responsibilities in relation to the company's financial reporting, internal controls structure, risk management systems and the external audit function.

The Audit and Risk Committee focuses on audit and risk management and specifically addresses responsibilities relative to financial reporting and regulatory compliance.

The Audit and Risk Committee is accountable for ensuring the performance and independence of the external auditor, including that the external auditor or lead audit partner is changed at least every five years.

The Audit and Risk Committee also reviews the appropriateness of any non audit services and recommends to the board which services, other than the statutory audit, may be provided by PricewaterhouseCoopers as 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 Chair of the board, both of whom are independent directors. During the year, the Audit and Risk Committee held private sessions with the auditor.

The Audit and Risk Committee currently comprises 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.

The Audit and Risk Committee may have in attendance the Corporate Manager and/or other employees of the Manager and such other persons including the external auditor as it considers necessary to provide appropriate information and explanations.

Remuneration and Nominations Committee

The Remuneration and Nominations Committee Charter sets out the objectives of the Remuneration and Nominations Committee which are to set and review the level of directors' remuneration, ensure a formal rigorous and transparent procedure for the appointment of new directors to the board, and evaluate the balance of skills, knowledge and experience on the board. The Remuneration and Nominations Committee also assesses the performance of directors, the board and board sub-committees.

The Remuneration and Nominations Committee currently comprises independent directors Alistair Ryan (Chair), Carol Campbell, Andy Coupe and non-independent director Carmel Fisher.

Investment Committee

The Investment Committee Charter sets out the objective of the Investment Committee which 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 Marlin.

The Investment Committee currently comprises independent directors Andy Coupe (Chair), Carol Campbell, Alistair Ryan and non-independent director Carmel Fisher.

Takeover response protocols

The board has adopted a formal Takeover Response Protocol as an internal framework that sets out the process to be followed if there is a takeover offer for Marlin.

Principle 4 – Reporting and disclosure
The board should demand integrity in financial and non-financial reporting, and in the timeliness and balance of corporate disclosures.

Continuous Disclosure

Marlin is committed to promoting investor confidence by providing complete and equal access to information in accordance with the NZX Listing Rules. Marlin has a Continuous Disclosure Policy designed to ensure this occurs. The Corporate Manager is responsible for ensuring compliance with the NZX continuous disclosure requirements and overseeing and co-ordinating disclosure to the exchange.

Charters and policies

The key corporate governance documents, including policies and charters, are available on Marlin's website under the "About Marlin" "Policies" section.

Financial Reporting

Marlin believes its financial reporting is balanced, clear and objective. Marlin is committed to ensuring integrity and timeliness in its financial and non-financial reporting, ensuring the market and shareholders are provided with an objective view on the performance of the company.

The Audit and Risk Committee oversees the quality and integrity of external financial reporting, including the accuracy, completeness and timeliness of financial statements. The Audit and Risk Committee reviews half-yearly and annual financial statements and makes recommendations to the board concerning accounting policies, areas of judgement, compliance with accounting standards, stock exchange and legal requirements and the results of the external audit.

As at 30 June 2018, Marlin does not have a formal environmental, social and governance (ESG) framework. Marlin will continue to assess whether it is appropriate that an ESG framework is adopted in the future.

Principle 5 – Remuneration
The remuneration of directors and executives should be transparent, fair and reasonable.

Directors' Remuneration

The Director Remuneration Policy sets out the structure of the remuneration to non-executive directors, the review process and reporting requirements.

Directors' fees are determined by the board on the recommendation of the Remuneration and Nominations Committee within the aggregate amount approved by shareholders. The current directors' fee pool limit of $125,000 (plus GST if any) was approved by shareholder resolution at the 2015 Annual Shareholders' Meeting.

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

The following table sets out the remuneration received by each director from Marlin for the year ended 30 June 2018.

Directors' remuneration* for the 12 months ended 30 June 2018

A B Ryan (Chair)	$50,000[(1)]
C A Campbell	$37,500[(2)]
R A Coupe	$37,500[(3)]

**excludes GST*

(1) $5,000 of this amount was applied to the purchase of 6,303 shares under the Marlin share purchase plan.

(2) $3,750 of this amount was applied to the purchase of 4,727 shares under the Marlin share purchase plan. C A Campbell receives $5,000 as Chair of Audit and Risk Committee.

(3) $3,750 of this amount was applied to the purchase of 4,727 shares under the Marlin share purchase plan. R A Coupe receives $5,000 as Chair of Investment Committee.

For the 2018 financial year, Carmel Fisher did not receive a director's fee.

Details of remuneration paid to directors are also disclosed in note 4 to the financial statements. The directors' fees disclosed in the financial statements include a portion of non-recoverable GST expensed by Marlin.

Directors' Shareholding - Share Purchase Plan

A Share Purchase Plan was introduced by the board in 2012 which requires each director to allocate 10% of their annual director's fee to the purchase (on market) of Marlin shares. Once an individual director's shareholding reaches 50,000 shares, the 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.

CEO Remuneration

Marlin delegates its management personnel requirements to Fisher Funds pursuant to an Administration Services Agreement. Consequently, Fisher Funds is responsible for non-director remuneration matters.

Principle 6 – Risk management
Directors should have a sound understanding of the material risks faced by the issuer and how to manage them. The board should regularly verify that the issuer has appropriate processes that identify and manage potential and material risks.

Risk management framework

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 implements 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 and business continuity planning. Marlin also maintains insurance policies that it considers adequate to meet its insurable risks.

The Audit and Risk Committee and board receive regular reports on the operation of risk management policies and procedures. Significant risks are discussed at each board meeting, and/or as required.

In addition to Marlin's policies and procedures in place to manage business risks, Fisher Funds has its own comprehensive risk management framework. The board is informed of key changes to Fisher Funds' framework.

Health and Safety

Marlin's Manager operates under a Health and Safety Policy. Under this policy, Fisher Funds assumes responsibility for the health and safety of its employees.

Principle 7 – Auditors
The board should ensure the quality and independence of the external audit process.

Marlin's Audit and Risk Committee makes recommendations to the board on the appointment of the external auditor. The Audit and Risk Committee monitors the independence and effectiveness of the external auditor and approves and reviews any non-audit services performed by the external auditor. An External Auditor Independence Policy which documents the framework of Marlin's relationship with its external auditor was adopted in August 2018.

The Audit and Risk Committee meets with the external auditor to approve their terms of engagement, audit partner rotation (at least every five years) and audit fee, and to review and provide feedback in respect of the annual audit plan. The Audit and Risk Committee holds private sessions with the auditor.

Marlin's current external auditor is PricewaterhouseCoopers ("PwC"), and was 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.

The Audit and Risk Committee has assessed PwC to be independent and confirmed that the non-audit services provided in relation to confirming the amounts used in the performance fee calculation has not compromised PwC's independence.

PwC, as external auditor of the 2018 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 their independence in relation to the conduct of the audit.

Marlin delegates the day-to-day management responsibilities to Fisher Funds and the designated Corporate Manager is responsible for operational and compliance risks across Marlin's business.

Principle 8 – Shareholder rights and relations
The board should respect the rights of shareholders and foster constructive relationships with shareholders that encourage them to engage with the issuer.

Information for shareholders

The board recognises the importance of providing shareholders with 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 Marlin's performance.

Marlin's website, www.marlin.co.nz, provides information to shareholders and investors about the company. Marlin's 'Investor Centre' contains a range of information including periodic and continuous disclosures to the NZX, half year and annual reports and content related to the Annual Shareholders' Meeting. The website also contains information about Marlin's directors, copies of key corporate governance documents and general company information.

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

Communicating with shareholders

Marlin communicates regularly with its shareholders through its monthly and quarterly updates. The company receives questions from shareholders from time to time, and has processes in place to ensure shareholder communications are responded to within a reasonable timeframe. The company's website sets out Marlin's appropriate contact details for communications from shareholders. Marlin also provides options for shareholders to receive and send communications by post or electronically.

Shareholder voting rights

In accordance with the Companies Act 1993, Marlin's Constitution and the NZX Main Board Listing Rules, Marlin refers major decisions which may change the nature of Marlin to shareholders for approval. Marlin conducts voting at its shareholder meetings by way of poll and on the basis of one share, one vote.

Notice of annual meeting

The 2018 Marlin Notice of Annual Meeting will be available on the Marlin website at least 28 days prior to the meeting.

This year's meeting will be held at 10.30am on 31 October 2018, at the Ellerslie Event Centre in Auckland. Full participation of shareholders is encouraged at the annual meeting and shareholders are encouraged to submit questions in writing prior to the meeting.

Management Agreement Renewal

The Management Agreement between Marlin and Fisher Funds is subject to renewal every five years. The Management Agreement is next subject to renewal in 2022.

DIRECTORS' STATEMENT OF RESPONSIBILITY

For the year ended 30 June 2018

We present the financial statements for Marlin Global Limited for the year ended 30 June 2018.

We have ensured that the financial statements for Marlin Global Limited present fairly the financial position of the Company as at 30 June 2018 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 Markets Conduct Act 2013.

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 board authorised these financial statements for issue on 20 August 2018.

Alistair Ryan

Carmel Fisher

Carol Campbell

Andy Coupe

FINANCIAL STATEMENTS CONTENTS

MARLIN GLOBAL LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2018

	Notes	2018	2017
		$000	$000
Interest income		40	31
Dividend income		767	808
Net changes in fair value of financial assets and liabilities	2	25,787	19,455
Other income	3	2,096	3
Total net income		**28,690**	**20,297**
Operating expenses	4	(4,954)	(3,880)
Operating profit before tax		**23,736**	**16,417**
Total tax benefit/(expense)	5	86	(730)
Net operating profit after tax		**23,822**	**15,687**
Other comprehensive income		0	0
Total comprehensive income after tax		**23,822**	**15,687**
Basic earnings per share	7	20.20c	13.51c
Diluted earnings per share	7	20.08c	13.51c

The accompanying notes form an integral part of these financial statements.

MARLIN GLOBAL LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2018

	Notes	Share Capital	(Accumulated Deficits)/ Retained Earnings	Total Equity
		Attributable to shareholders of the company		
		$000	$000	$000
Balance at 1 July 2016		**108,138**	**(13,883)**	**94,255**
Comprehensive income				
Profit for the year		0	15,687	15,687
Other comprehensive income		0	0	0
Total comprehensive income for the year ended 30 June 2017		**0**	**15,687**	**15,687**
Transactions with owners				
Shares issued for warrants exercised	6	1,139	0	1,139
Share buybacks	6	(529)	0	(529)
Dividends paid	6	0	(7,914)	(7,914)
New shares issued under dividend reinvestment plan	6	2,896	0	2,896
Shares issued from treasury stock under dividend reinvestment plan	6	392	0	392
Total transactions with owners for the year ended 30 June 2017		**3,898**	**(7,914)**	**(4,016)**
Balance at 30 June 2017		**112,036**	**(6,110)**	**105,926**
Comprehensive income				
Profit for the year		0	23,822	23,822
Other comprehensive income		0	0	0
Total comprehensive income for the year ended 30 June 2018		**0**	**23,822**	**23,822**
Transactions with owners				
Share buybacks	6	(3,122)	0	(3,122)
Warrant issue costs	6	(21)	0	(21)
Dividends paid	6	0	(8,928)	(8,928)
New shares issued under dividend reinvestment plan	6	542	0	542
Shares issued from treasury stock under dividend reinvestment plan	6	3,185	0	3,185
Total transactions with owners for the year ended 30 June 2018		**584**	**(8,928)**	**(8,344)**
Balance at 30 June 2018		**112,620**	**8,784**	**121,404**

The accompanying notes form an integral part of these financial statements.

MARLIN GLOBAL LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2018

	Notes	2018	2017
		$000	$000
SHAREHOLDERS' EQUITY	6	**121,404**	**105,926**
Represented by:			
ASSETS			
Current Assets			
Cash and cash equivalents	10	4,287	4,865
Trade and other receivables	8	173	150
Financial assets at fair value through profit or loss	2	121,220	103,235
Current tax receivable	5	192	0
Total Current Assets		**125,872**	**108,250**
Non-current Assets			
Deferred tax asset	5	208	0
Total Non-current Assets		**208**	**0**
TOTAL ASSETS		**126,080**	**108,250**
LIABILITIES			
Current Liabilities			
Financial liabilities at fair value through profit or loss	2	1,715	96
Current tax payable	5	0	300
Trade and other payables	9	2,961	1,928
Total Current Liabilities		**4,676**	**2,324**
TOTAL LIABILITIES		**4,676**	**2,324**
NET ASSETS		**121,404**	**105,926**

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

A B Ryan
Chair
20 August 2018

C A Campbell
Chair of the Audit and Risk Committee
20 August 2018

The accompanying notes form an integral part of these financial statements.

MARLIN GLOBAL LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2018

	Notes	2018 $000	2017 $000
Operating Activities			
Sale of investments		48,730	43,031
Interest received		40	32
Dividends received		782	818
Other income		2,038	0
Purchase of investments		(39,311)	(38,560)
Operating expenses		(3,912)	(1,662)
Other expenses		0	(103)
Taxes paid		(613)	(1,159)
Net cash inflows from operating activities	**10**	**7,754**	**2,397**
Financing Activities			
Proceeds from warrants exercised		0	1,139
Warrant issue costs		(21)	0
Share buybacks		(3,160)	(491)
Dividends paid (net of dividends reinvested)		(5,201)	(4,626)
Net cash outflows from financing activities		**(8,382)**	**(3,978)**
Net decrease in cash and cash equivalents held		**(628)**	**(1,581)**
Cash and cash equivalents at beginning of the year		4,865	6,321
Effects of foreign currency translation on cash balance		50	125
Cash and cash equivalents at end of the year	**10**	**4,287**	**4,865**

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

NOTE 1 BASIS OF ACCOUNTING

Reporting Entity

Marlin Global Limited ("Marlin" or "the company") is listed on the NZX Main Board, is registered in New Zealand under the Companies Act 1993 and is a FMC Reporting Entity under the Financial Markets Conduct Act 2013.

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

Basis of Preparation

These financial statements have been prepared in accordance with the requirements of Part 7 of the Financial Markets Conduct Act 2013, the NZX Main Board listing rules and New Zealand Generally Accepted Accounting Practice (NZ GAAP). They comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) as appropriate for profit-oriented entities, and International Financial Reporting Standards (IFRS).

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 and in the accompanying notes. The financial statements are presented in New Zealand dollars, rounded to the nearest one thousand dollars.

The financial statements include GST where it is charged by other parties as it cannot be reclaimed.

Foreign Currency Transactions and Translations

Foreign currency transactions are converted into New Zealand dollars using exchange rates prevailing at transaction date. Foreign currency assets and liabilities are translated into New Zealand dollars using the exchange rates prevailing at the balance date.

Foreign exchange gains or losses relating to the financial assets and liabilities at fair value through profit or loss are presented in the Statement of Comprehensive Income within "Net changes in fair value of financial assets and liabilities".

Foreign exchange gains and losses relating to cash and cash equivalents, trade and other receivables, and trade and other payables are presented in the Statement of Comprehensive Income within "Other income".

Accounting Policies

Accounting policies that summarise the recognition and measurement basis used and are relevant to an understanding of the financial statements, are provided throughout the notes to the financial statements and are designated by a symbol.

The accounting policies adopted have been consistently applied to all years presented, unless otherwise stated. *NZ IFRS 9: Financial Instruments* is a standard relevant to the company which is not yet effective and has not yet been applied in preparing the financial statements. Based on the company's assessment, *NZ IFRS 9* is not expected to have a material impact on the classification and measurement of the company's financial assets. Minor changes are expected to disclosures about the company's financial assets, particularly in the year of adoption of the new standard.

There are no other accounting standards that have been issued but are not yet effective that are expected to have a material impact on these financial statements.

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. Judgements are designated by a j symbol in the notes to the financial statements. There were no material estimates or assumptions required in the preparation of these financial statements.

Authorisation of Financial Statements

The Marlin board of directors authorised these financial statements for issue on 20 August 2018.

No party may change these financial statements after their issue.

NOTE 2 INVESTMENTS

Investments are initially recognised at fair value and are subsequently revalued to reflect changes in fair value. Net changes in the fair value of investments are recognised in the Statement of Comprehensive Income.

Listed equity investments are classified as designated investment assets at fair value through profit or loss. Forward foreign exchange contracts are classified as held for trading financial assets at fair value through profit or loss.

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.

All purchases and sales of investments are recognised at trade date, which is the date the company commits to purchase or sell the investment and transaction costs are expensed as incurred. When an investment is sold, any gain or loss arising on the sale is included in the Statement of Comprehensive Income. Realised gains or losses are calculated as the difference between the sale proceeds and the carrying amount of the item.

Dividend income from investments is recognised in the Statement of Comprehensive Income when the company's right to receive payments is established (ex-dividend date).

Marlin has classified all its investments at fair value through profit or loss. 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.

The fair value of listed equity investments traded in active markets are based on last sale prices at balance date, except where the last sale price falls outside the bid-ask spread for a particular investment, in which case the bid price will be used to value the investment.

The fair value of forward foreign exchange contracts is determined by using valuation techniques based on spot exchange rates and forward points supplied by The World Markets Company PLC via Thomson Reuters.

	2018	2017
	$000	$000
Financial assets and liabilities at fair value through profit or loss		
Financial Assets:		
Investments designated at fair value through profit or loss		
International listed equity investments	121,194	103,047
Financial assets at fair value through profit or loss - held for trading		
Forward foreign exchange contracts	26	188
Total financial assets at fair value through profit or loss	**121,220**	**103,235**
Financial Liabilities:		
Financial liabilities at fair value through profit or loss - held for trading		
Forward foreign exchange contracts	1,715	96
Total financial liabilities at fair value through profit or loss	**1,715**	**96**

NOTE 2 INVESTMENTS CONTINUED

	2018 $000	2017 $000
Net changes in fair value of financial assets and liabilities		
Investments designated at fair value through profit or loss		
International equity investments	21,992	19,775
Foreign exchange gains/(losses) on equity investments	7,162	(2,077)
Total gains on designated financial assets	**29,154**	**17,698**
Investments at fair value through profit or loss - held for trading		
(Losses)/gains on forward foreign exchange contracts	(3,367)	1,757
Total (losses)/gains on financial assets and liabilities held for trading	**(3,367)**	**1,757**
Net changes in fair value of financial assets and liabilities	**25,787**	**19,455**

The fair value of thirteen stocks was determined using the bid price (2017: eight stocks).

The notional value of forward foreign exchange contracts held at 30 June 2018 was $49,287,240 (30 June 2017: $40,740,999).

Investments recognised at fair value are categorised according to a fair value hierarchy that shows the extent of judgement used in determining their fair value. Where unadjusted quoted prices are used, the investments are categorised as Level 1. When inputs derived from quoted prices are used, the investments are categorised as Level 2 and, if inputs are not based on observable market data they are categorised as Level 3.

All equity investments held by Marlin are categorised as Level 1 and all forward foreign exchange contracts are classified as Level 2 in the fair value hierarchy.

There were no financial instruments classified as Level 3 at 30 June 2018 (30 June 2017: none).

NOTE 3 OTHER INCOME

	2018 $000	2017 $000
GST refund (note 11)	1,860	0
Foreign exchange gains on cash and cash equivalents	236	3
Total other income	**2,096**	**3**

NOTE 4 OPERATING EXPENSES

	2018	2017
Management fee (note 11)	1,468	1,453
Performance fee (note 11)	2,713	1,645
Administration services (note 11)	159	159
Directors' fees (note 11)	132	144
Brokerage	138	103
Custody and accounting fees	92	138
Investor relations and communications	92	93
NZX fees	41	42
Professional fees	43	37
Auditor's fees:		
Statutory audit and review of financial statements	35	33
Non-assurance services[1]	5	2
Regulatory fees	9	3
Other operating expenses	27	28
Total operating expenses	**4,954**	**3,880**

[1] Non-assurance services relate to agreed upon procedures performed in respect of the performance fee calculation. No other fees were paid to the auditor during the year (2017: nil).

NOTE 5 TAXATION

Marlin is a Portfolio Investment Entity ("PIE") for tax purposes.

Taxation expense comprises both current and deferred tax. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at balance date, and any adjustment to tax payable in respect of previous years. 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 recognised as the differences between the carrying amounts of assets and liabilities in the financial statements and the amounts used for taxation purposes. A deferred tax asset is only recognised to the extent it is probable it will be utilised.

	2018	2017
	$000	**$000**
Taxation expense is determined as follows:		
Operating profit before tax	**23,736**	**16,417**
Non-taxable realised gain on financial assets and liabilities	(19,466)	(10,877)
Non-taxable unrealised gain on financial assets and liabilities	(9,688)	(6,821)
Fair Dividend Rate income	5,305	4,568
Exempt dividends subject to Fair Dividend Rate	(764)	(816)
Non-deductible expenses and other	573	136
Prior period adjustment	(2)	0
Taxable (loss)/income	**(306)**	**2,607**
Tax at 28%	**(86)**	**730**
Taxation expense comprises:		
Current tax	121	730
Deferred tax	(206)	0
Prior period adjustment	(1)	0
Total tax (benefit)/expense	**(86)**	**730**

NOTE 5 TAXATION CONTINUED

	2018 $000	2017 $000
Current tax balance		
Opening balance	(300)	(729)
Current tax movements	(121)	(723)
Tax paid	613	1,159
Credits used	0	(7)
Current tax receivable/(payable)	**192**	**(300)**
Deferred tax balance		
Opening balance	0	0
Current year losses	206	0
Other	2	0
Deferred tax asset	**208**	**0**

A deferred tax asset has been recognised as it is probable that future tax profits will be available to utilise the loss.

Imputation credits

The imputation credits available for subsequent reporting periods total $1,105 (2017: $304,435). 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 2018.

NOTE 6 SHAREHOLDERS' EQUITY

Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares and warrants are shown in equity as a deduction.

When shares are acquired by the company, the amount of consideration paid is recognised directly in equity. Acquired shares are classified as treasury stock and presented as a deduction from share capital. When treasury stock is subsequently sold or reissued, the cost of treasury stock is reversed and the realised gain or loss on sale or reissue, net of any directly attributable incremental transaction costs, is recognised within share capital.

Marlin has 119,304,538 fully paid ordinary shares on issue (2017: 118,431,288). All ordinary shares rank equally and have no par value. All shares carry an entitlement to dividends and one vote is attached to each fully paid ordinary share.

Buybacks

Marlin maintains an ongoing share buyback programme. As at 30 June 2018, Marlin had acquired 3,781,447 (2017: 678,997) shares under the programme which allows up to 5% of the ordinary shares on issue (as at the date 12 months prior to the acquisition) to be acquired. Shares acquired under the buyback programme are held as treasury stock and subsequently reissued to shareholders under the dividend reinvestment plan. There was no treasury stock held at balance date (2017: 165,681 shares held as treasury stock).

NOTE 6 SHAREHOLDERS' EQUITY CONTINUED

Warrants

On 2 May 2018, 29,684,140 new Marlin warrants were allotted and quoted on the NZX Main Board on 3 May 2018. One new warrant was issued to all eligible shareholders for every four shares held on record date (1 May 2018). The warrants are exercisable at $0.83 per warrant, adjusted down for dividends declared during the period up to the exercise date of 12 April 2019. Warrant holders can elect to exercise some or all of their warrants on the exercise date subject to a minimum exercise of 500 warrants.

On 14 July 2015, 27,546,716 Marlin warrants were allotted and quoted on the NZX Main Board on 15 July 2015. On 5 August 2016, 1,419,270 warrants were exercised at $0.81 per warrant and the remaining 26,127,446 warrants lapsed.

Dividends

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.

Marlin has a distribution policy where 2% of average NAV is distributed each quarter. Dividends paid during the year comprised:

	2018 $000	Cents per share
29 Sep 2017	2,156	1.83
22 Dec 2017	2,190	1.87
29 Mar 2018	2,266	1.93
29 Jun 2018	2,316	1.96
	8,928	**7.59**

	2017 $000	Cents per share
30 Sep 2016	1,974	1.72
22 Dec 2016	1,991	1.72
31 Mar 2017	1,939	1.66
29 Jun 2017	2,010	1.71
	7,914	**6.81**

Dividend Reinvestment Plan

Marlin has a dividend reinvestment plan which provides shareholders with the option to reinvest all or part of any cash dividends in fully paid ordinary shares at a 3% discount to the five-day volume weighted average share price from the date the shares trade ex-entitlement. During the year ended 30 June 2018, 4,654,697 ordinary shares (2017: 4,321,386 ordinary shares) were issued in relation to the plan for the quarterly dividends paid. To participate in the dividend reinvestment plan, a completed participation notice must be received by Marlin before the next record date.

NOTE 7 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. Diluted earnings per share assumes conversion of all dilutive potential ordinary shares in determining the denominator.

NOTE 7 EARNINGS PER SHARE CONTINUED

	2018	2017
Basic earnings per share		
Profit attributable to owners of the company ($'000)	23,822	15,687
Weighted average number of ordinary shares on issue net of treasury stock ('000)	117,959	116,112
Basic earnings per share	**20.20c**	**13.51c**
Diluted earnings per share		
Profit attributable to owners of the company ($'000)	23,822	15,687
Weighted average number of ordinary shares on issue net of treasury stock ('000)	117,959	116,112
Diluted effect of warrants on issue ('000)	653	0
	118,612	116,112
Diluted earnings per share	**20.08c**	**13.51c**

NOTE 8 TRADE AND OTHER RECEIVABLES

Trade and other receivables are classified as loans and receivables and are initially recognised at fair value, and subsequently measured at amortised cost less any provision for impairment. Receivables are assessed on a case-by-case basis for impairment.

The fair value of trade and other receivables is equivalent to their carrying amount.

	2018 $000	2017 $000
Interest receivable	0	4
Dividends receivable	9	23
Other receivables and prepayments	164	123
Total trade and other receivables	**173**	**150**

NOTE 9 TRADE AND OTHER PAYABLES

Trade and other payables are classified as other financial liabilities and are initially recognised at fair value, and subsequently measured at amortised cost.

The fair value of trade and other payables is equivalent to their carrying amount.

	2018 $000	2017 $000
Related party payable (note 11)	2,856	1,788
Other payables and accruals	105	102
Share buyback payable	0	38
Total trade and other payables	**2,961**	**1,928**

NOTE 10 CASH AND CASH FLOW RECONCILIATION

Cash and Cash Equivalents

Cash and cash equivalents are classified as loans and receivables and comprise cash on deposit at banks and short-term money market deposits.

	2018	2017
	$000	**$000**
Cash - New Zealand dollars	1,487	2,206
Cash - International currency	2,800	2,659
Cash and Cash Equivalents	**4,287**	**4,865**
Reconciliation of Net Operating Profit after Tax to Net Cash Flows from Operating Activities		
Net operating profit after tax	**23,822**	**15,687**
Items not involving cash flows:		
Unrealised gains on cash and cash equivalents	(50)	(125)
Unrealised gains on revaluation of investments	(7,906)	(6,567)
	(7,956)	**(6,692)**
Impact of changes in working capital items		
Increase in trade and other payables	1,033	173
(Increase)/decrease in trade and other receivables	(23)	588
Change in current and deferred tax	(700)	(429)
	310	**332**
Items relating to investments		
Amount paid for purchases of investments	(39,311)	(38,560)
Amount received from sales of investments	48,730	43,031
Realised gains on investments	(17,879)	(12,887)
Increase in unsettled purchases of investments	0	1,578
Decrease in unsettled sales of investments	0	(54)
	(8,460)	**(6,892)**
Other		
Decrease/(increase) in share buybacks payable	38	(38)
	38	**(38)**
Net cash inflows from operating activities	**7,754**	**2,397**

NOTE 11 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.

Transactions with related parties
The Manager of Marlin is Fisher Funds Management Limited ("Fisher Funds" or "the Manager"). Fisher Funds is a related party by virtue of the Management Agreement and having a director in common. In return for the performance of its duties as Manager, Fishers Funds is paid the following fees:

(i) Management fee: 1.25% (plus GST) per annum of the gross asset value, calculated weekly and payable monthly in arrears. The fee reduces if the Manager underperforms, thereby aligning the Manager's interests with those of the Marlin shareholders. For every 1% underperformance (relative to the change in the NZ 90 Day Bank Bill Index) the management fee percentage is reduced by 0.1%, subject to a minimum 0.75% per annum management fee.

(ii) Performance fee: Fisher Funds may earn an annual performance fee of 15% (plus GST) of excess returns over and above the performance fee hurdle return (being the change in the NZ 90 Day Bank Bill Index plus 5%) subject to achieving the High Water Mark ("HWM").

The HWM is the dollar amount by which the net asset value per share exceeds the highest net asset value per share (after adjustment for capital changes and distributions) 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.

In accordance with the terms of the Management Agreement, when a performance fee is earned it is paid within 30 days of the balance date and, 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.

Performance fees paid to the Manager are recognised as an expense in the Statement of Comprehensive Income in line with a typical operating expense.

At 30 June 2018 the Manager had achieved a return in excess of the performance fee hurdle return and the HWM. For the year ended 30 June 2018, excess returns of $17,818,934 (2017: $11,267,111) were generated and the net asset value per share before the deduction of a performance fee was $1.02 (2017: $0.90), which exceeded the HWM after adjustment for capital changes and distributions of $0.83 (2017: $0.82). Accordingly, the company has expensed a performance fee of $2,712,933 (including GST) for the year ended 30 June 2018 (30 June 2017: $1,645,381).

(iii) Administration fee: Fisher Funds provides corporate administration services and a fee is payable monthly in arrears.

	2018	2017
	$000	**$000**
Fees earned and payable:		
Fees earned by the Manager for the year ending 30 June		
Management fees	1,468	1,453
Performance fees	2,713	1,645
Administration services	159	159
Total fees earned by the Manager	**4,340**	**3,257**
Fees payable to the Manager at 30 June		
Management fees	130	130
Performance fees	2,713	1,645
Administration services	13	13
Total fees payable to the Manager	**2,856**	**1,788**

NOTE 11 RELATED PARTY INFORMATION CONTINUED

Investments by the Manager
The Manager held shares in, and received dividends from, the company at 30 June 2018 which total 1.08% of the total shares on issue (2017: 0.69%) and 1.07% of the total warrants on issue (2017: n/a).

Investment transactions with related parties
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 (on an arm's length basis). Purchases for the year ended 30 June 2018 totalled $nil (2017: $nil) and sales totalled $488,980 (2017: $nil).

GST Refund
Fisher Funds historically charged Marlin GST at the standard GST rate on the provision of investment services. Last year the Inland Revenue Department ("IRD") confirmed that the lower GST fund manager rate of 1.5% could be charged to Marlin (and this rate has been applied since 1 August 2017).

During April 2018, Marlin received from Fisher Funds $1,875,253, being a refund of overcharged GST of $1,747,301 plus use of money interest ("UOMI") of $127,952 on the provision of investment services to Marlin for the eight year period from 1 August 2009 to 31 July 2017.

In the Statement of Comprehensive Income, the portion of the GST refund relating to historical years of $1,731,576 and UOMI of $127,952, which totals $1,859,528, has been recognised as other income, with the balance of $15,726 relating to the current year recognised as a reduction in management fee expense. The GST refund and UOMI was excluded from the performance fee calculation as it was not generated by investment activity.

Directors
The directors of Marlin are the only key management personnel and they earn a fee for their services. The directors' fee pool is $125,000 (plus GST if any) per annum. The amount paid to directors is disclosed in note 4 under directors' fees (currently only independent directors earn a director's fee).

The directors also held shares in the company at 30 June 2018 which total 0.71% of total shares on issue (30 June 2017: 0.43% of the total shares on issue) and 0.70% of total warrants on issue (30 June 2017: n/a). Dividends were also received by the directors as a result of their shareholding.

NOTE 12 FINANCIAL RISK MANAGEMENT

The company is subject to a number of financial risks which arise as a result of its investment activities, including market risk, credit risk and liquidity risk.

The Management Agreement between Marlin and Fisher Funds details permitted investments. Financial instruments currently recognised in the financial statements also comprise cash and cash equivalents, forward foreign exchange contracts, trade and other receivables and trade and other payables.

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 regular 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 country in which Marlin's exposure is 10% or greater of the portfolio is the United States 73% (2017: United States 62%).

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

Price Risk
Price risk is the risk of gains or losses from changes in the market price of investments. The company is exposed to the risk of fluctuations in the underlying value of its listed portfolio companies. There were no companies individually comprising more than 10% of Marlin's total assets at 30 June 2018 (30 June 2017: none).

NOTE 12 FINANCIAL RISK MANAGEMENT CONTINUED

Market Risk (continued)

Interest Rate Risk

Interest rate risk is the risk of movements in interest rates. Surplus cash is held in interest bearing foreign currency and New Zealand bank accounts. The company is therefore exposed to the risk of gains or losses or changes in interest income from movements in both international and New Zealand interest rates. There is no hedge against the risk of movements in interest rates.

Currency Risk

Currency risk is the risk that the fair value or future cash flows of an investment will fluctuate because of changes in foreign exchange rates. The company holds assets denominated in international currencies and 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. 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.

Sensitivity Analysis

The table below summarises the impact on net operating profit after tax and shareholders' equity to reasonably possible changes arising from market risk exposure at 30 June as follows:

		2018	2017
		$000	**$000**
Price risk[1]			
Investments designated at fair value (listed)	Carrying value	121,194	103,047
	Impact of a 10% change in market prices: +/-	12,119	10,305
Interest rate risk[2]			
Cash and cash equivalents	Carrying value	4,287	4,865
	Impact of a 1% change in interest rates: +/-	43	49
Currency risk[3]			
Cash and cash equivalents	Carrying value	2,800	2,659
	Impact of a +10% change in exchange rates	(255)	(242)
	Impact of a -10% change in exchange rates	311	296
Investments designated at fair value (listed)	Carrying value	121,194	103,047
	Impact of a +10% change in exchange rates	(11,018)	(9,367)
	Impact of a -10% change in exchange rates	13,466	11,450
Financial assets and liabilities held for trading	Carrying value	(1,689)	92
	Impact of a +10% change in exchange rates	4,481	(2,217)
	Impact of a -10% change in exchange rates	(5,476)	2,708
Net foreign currency payables/receivables	Carrying value	110	23
	Impact of a +10% change in exchange rates	(10)	(2)
	Impact of a -10% change in exchange rates	12	3

[1] A variable of 10% was selected for price risk as this is a reasonably expected movement based on historic trends in equity prices.

[2] A variable of 1% was selected as this is a reasonably expected movement based on past overnight cash rate movements. 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.

[3] A variable of 10% was selected as this is a reasonably expected movement based on historic trends in exchange rate movements.

NOTE 12 FINANCIAL RISK MANAGEMENT CONTINUED

Market Risk (continued)

Credit Risk

Credit risk is the risk that a counterparty will default on its contractual obligations resulting in financial loss to the company. In the normal course of its business, the company is exposed to credit risk from transactions with its counterparties.

Other than cash at bank and short-term unsettled trades, there are no significant concentrations of credit risk. The company does not expect non-performance by counterparties, therefore no collateral or security is required.

Listed securities are held by an independent custodian, Trustees Executors Limited. 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).

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

Liquidity Risk

Liquidity risk is the risk that the assets held by the company cannot readily be converted to cash in order to meet the company's financial obligations as they fall due. 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.

Liquidity to fund investment requirements can be augmented through the procurement of a debt facility from a registered bank to a maximum value of 20% of the gross asset value of the company. There were no such debt facilities at 30 June 2018 (2017: nil).

Capital Risk Management

The company's objective is to prudently manage shareholder capital (share capital, reserves, retained earnings and borrowings (if any)).

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 secure borrowings in the short-term.

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

Since announcing a long-term distribution policy in August 2010, the company continues to pay 2% of average net asset value each quarter.

NOTE 13 NET ASSET VALUE

The audited net asset value per share of Marlin as at 30 June 2018 was $1.02 (30 June 2017: $0.89), calculated as the net assets of $121,403,922 divided by the number of shares on issue of 119,304,538.

NOTE 14 COMMITMENTS AND CONTINGENT LIABILITIES

There were no unrecognised contractual commitments or contingent liabilities as at 30 June 2018 (2017: nil).

NOTE 15 FINANCIAL REPORTING BY SEGMENTS

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

There has been no change to the operating segment during the year.

NOTE 16 SUBSEQUENT EVENTS

The Board declared a dividend of 2.05 cents per share on 20 August 2018. The record date for this dividend is 13 September 2018 with a payment date of 28 September 2018.

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

Independent auditor's report

To the shareholders of Marlin Global Limited

Marlin Global Limited's financial statements comprise:

- the statement of financial position as at 30 June 2018;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies.

Our opinion

In our opinion, the financial statements of Marlin Global Limited (the Company), present fairly, in all material respects, the financial position of the Company as at 30 June 2018, its financial performance and its cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and International Financial Reporting Standards (IFRS).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) ISAs (NZ) and International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

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

We are independent of the Company in accordance with Professional and Ethical Standard 1 (Revised) *Code of Ethics for Assurance Practitioners* (PES 1) issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our firm carries out other services for the Company including agreed upon procedures in relation to the performance fee calculation. The provision of these other services has not impaired our independence.

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Our audit approach

Overview

An audit is designed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

Overall materiality: $607,000, which represents approximately 0.5% of net assets. We used this benchmark because, in our view, this is an appropriate benchmark for a Fund.

We agreed with the Audit and Risk Committee that we would report to them misstatements identified during our audit above $56,000 as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Because of the significance of the investments to the financial statements, we have determined that there is one key audit matter: valuation and existence of investments designated at fair value through profit or loss.

Materiality

The scope of our audit was influenced by our application of materiality.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Company materiality for the financial statements as a whole as set out above. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in the aggregate on the financial statements as a whole.

Audit scope

We designed our audit by assessing the risks of material misstatement in the financial statements and our application of materiality. As in all of our audits, we also addressed the risk of management override of internal controls including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Company, the type of investments held by the Company, the use of third party service providers, the accounting processes and controls, and the industry in which the Company operates.

The Directors are responsible for the governance and the control activities of the Company. The Directors have delegated certain responsibilities to Fisher Funds Management Limited (the Investment Manager) and Trustees Executors Limited (the Administrator). The Company has also appointed Trustees Executors Limited (the Custodian) to act as Custodian of the Company's investments.

In establishing our overall audit approach we assessed the risk of material misstatement, taking into account the nature, likelihood and potential magnitude of any misstatement. As part of our risk assessment, we considered the Company's interaction with the Investment Manager and Administrator and the control environment in place at the Administrator and the Custodian.

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Key audit matter

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. Given the nature of the Company, we have one key audit matter: valuation and existence of investments designated at fair value through profit or loss. The matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on the matter.

Key audit matter	How our audit addressed the key audit matter
Valuation and existence of investments designated at fair value through profit or loss Investments designated at fair value through profit or loss (the Investments) are valued at $121.2 million and represent 96% of total assets. Further disclosures on the Investments are included at note 2 to the financial statements. This was an area of focus for our audit and the area where significant audit effort was directed. As at 30 June 2018, all Investments are in companies that are listed on stock exchanges outside of New Zealand and Australia and are actively traded with readily available, quoted market prices. The market prices are quoted in foreign currencies, which are then translated to New Zealand dollars using the applicable exchange rate at 30 June 2018. All Investments are held by the Custodian on behalf of the Company and administered by the Administrator.	Our audit procedures included updating our understanding of the business processes employed by the Company for accounting for, and valuing, their investment portfolio. We obtained confirmation from the Custodian that the company was the registered owner of all recorded investments. Our procedures also included obtaining the Administrator's and Custodian's Internal Controls Report for Custody, Investment Accounting and Registry services for the periods ended 30 September 2017 and 31 March 2018. The Administrator and Custodian have confirmed that there has been no material change to their control environment in the period from 1 April 2018 to 30 June 2018. Our audit procedures over the valuation of the Investments included agreeing the price for all Investments held at 30 June 2018, and the exchange rate at which they have been converted from the foreign currency to New Zealand dollars, to independent third party pricing sources. We had no matters arising from the procedures performed.

Information other than the financial statements and auditor's report

The Directors are responsible for the annual report. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information included in the annual report and we do not and will not express any form of assurance conclusion on the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Directors.

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Responsibilities of the Directors for the financial statements

The Directors are responsible, on behalf of the Company, for the preparation and fair presentation of the financial statements in accordance with NZ IFRS and IFRS, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (NZ) and ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the External Reporting Board's website at:

https://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-2/

This description forms part of our auditor's report.

Who we report to

This report is made solely to the Company's shareholders, as a body. Our audit work has been undertaken so that we might state 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.

The engagement partner on the audit resulting in this independent auditor's report is Richard Day.

For and on behalf of:

PricewaterhouseCoopers

Chartered Accountants
20 August 2018

Auckland

SHAREHOLDER INFORMATION

Spread of Shareholders as at 08 August 2018

Holding Range	# of Shareholders	# of Shares	% of Total
1 to 999	107	42,534	0.04
1,000 to 4,999	328	792,442	0.67
5,000 to 9,999	711	4,587,992	3.85
10,000 to 49,999	1,776	36,656,262	30.72
50,000 to 99,999	307	19,958,036	16.73
100,000 to 499,999	220	38,391,718	32.17
500,000 +	19	18,875,554	15.82
TOTAL	**3,468**	**119,304,538**	**100%**

20 Largest Shareholders as at 08 August 2018

Holder Name	# of Shares	% of Total
FORSYTH BARR CUSTODIANS LIMITED <1-CUSTODY>	3,187,462	2.67
ANTHONY JOHN SIMMONDS + MAUREEN SIMMONDS + HERON HILL TRUSTEE COMPANY LIMITED <AJ & M SIMMONDS FAMILY A/C>	1,821,148	1.52
HETTINGER NOMINEES LIMITED	1,446,345	1.21
FNZ CUSTODIANS LIMITED	1,396,548	1.17
ASB NOMINEES LIMITED <339992 A/C>	1,273,142	1.07
THOMAS VINCENT BRIEN + JILLIAN MAUREEN BRIEN	1,062,188	0.89
ANTHONY JOHN SIMMONDS + MAUREEN SIMMONDS <AJ & M SIMMONDS PARTNERSHIP A/C>	944,043	0.79
CUSTODIAL SERVICES LIMITED <A/C 4>	861,422	0.72
BRYAN THOMAS SEDDON + DOROTHY EDITH ALLISON SEDDON	800,000	0.67
ZONDA TRUSTEES LIMITED	797,500	0.67
ASB NOMINEES LIMITED <ACCOUNT 340941 - ML>	699,400	0.59
GERARDUS VAN DEN BEMD	657,720	0.55
RUSSELL IAN MOLLER	625,100	0.52
PETER JOHN MOLLER + VICTOR ROSS ALEXANDER BEDFORD + JEAN ELSPETH MOLLER <JEM FAMILY A/C>	595,700	0.50
EDWARD ALLAN HUDSON	586,500	0.49
DONALYN KATHLEEN STANLEIGH GLOVER + KAY ADELA NIEPOLD + VERON ICA HOUSE LIMITED <GLOVER INVESTMENT A/C NO 1>	543,627	0.46
WILLIAM FRANCIS GLOVER + VERONICA HOUSE LIMITED + KAY ADELA NIEPOLD <GLOVER INVESTMENT A/C NO 2>	543,627	0.46
JOHN HASTIE + ERICA DAWNE HASTIE	525,000	0.44
LEVERAGED EQUITIES FINANCE LIMITED	509,082	0.43
B A & M MASSEY TRUSTEES LIMITED	464,387	0.39
TOTAL	**19,339,941**	**16.21**

SHAREHOLDER INFORMATION CONTINUED

Spread of Warrant Holders as at 08 August 2018

Holding Range	# of Warrant Holders	# of warrants	% of Total
1 to 999	341	195,749	0.66
1,000 to 4,999	1,608	3,956,013	13.33
5,000 to 9,999	669	4,334,920	14.60
10,000 to 49,999	525	9,965,901	33.58
50,000 to 99,999	59	3,941,585	13.28
100,000 to 499,999	31	5,210,924	17.55
500,000 +	3	2,079,048	7.00
TOTAL	**3,236**	**29,684,140**	**100%**

20 Largest Warrant Holders as at 08 August 2018

Holder Name	# of Warrants	% of Total
FORSYTH BARR CUSTODIANS LIMITED <1-CUSTODY>	867,970	2.92
ANTHONY JOHN SIMMONDS + MAUREEN SIMMONDS + HERON HILL TRUSTEE COMPANY LIMITED <AJ & M SIMMONDS FAMILY A/C>	694,004	2.34
FNZ CUSTODIANS LIMITED	517,074	1.74
HETTINGER NOMINEES LIMITED	353,316	1.19
ASB NOMINEES LIMITED <339992 A/C>	318,286	1.07
JENNIFER GAYE SIMPSON	256,774	0.87
THOMAS VINCENT BRIEN + JILLIAN MAUREEN BRIEN	237,262	0.80
ANTHONY JOHN SIMMONDS + MAUREEN SIMMONDS <AJ & M SIMMONDS PARTNERSHIP A/C>	230,613	0.78
COLIN HUGH NOTLEY + JAN MARIE NOTLEY <ALPINE CHATEAU A/C>	220,000	0.74
LEVERAGED EQUITIES FINANCE LIMITED	209,939	0.71
CUSTODIAL SERVICES LIMITED <A/C 4>	200,229	0.68
RONALD BRUCE MACINTYRE	200,000	0.67
BRYAN THOMAS SEDDON + DOROTHY EDITH ALLISON SEDDON	200,000	0.67
ASB NOMINEES LIMITED <ACCOUNT 340941 - ML>	174,850	0.59
ROGER WILLIAM CLARK	162,151	0.55
ROSS SINCLAIR QUAYLE	161,578	0.54
GERARDUS VAN DEN BEMD	160,669	0.54
KINRICH HOLDINGS LIMITED	160,000	0.54
RUSSELL IAN MOLLER	152,701	0.51
PETER JOHN MOLLER + VICTOR ROSS ALEXANDER BEDFORD + JEAN ELSPETH MOLLER <JEM FAMILY A/C>	145,519	0.49
TOTAL	**5,622,935**	**18.94**

STATUTORY INFORMATION

Directors' Relevant Interests in Equity Securities as at 30 June 2018

Interests Register

Marlin 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 2018 are as follows:

	Ordinary Shares		Warrants	
	Held Directly	Held by Associated Persons	Held Directly	Held by Associated Persons
A B Ryan(1)	60,448		14,767	
C M Fisher(2)		699,400		174,850
C A Campbell(3)	45,335		11,075	
R A Coupe(4)	31,451		7,683	

(1) A B Ryan purchased 6,303 shares on market in the year ended 30 June 2018 as per the Marlin share purchase plan (purchase price $0.79). A B Ryan received 5,377 shares in the year ended 30 June 2018, issued under the dividend reinvestment plan (average issue price $0.81). A B Ryan was issued 14,767 warrants in the year ended 30 June 2018.

(2) Associated persons of C M Fisher purchased 300,000 shares on market in the year ended 30 June 2018. Associated persons of C M Fisher were issued 174,850 warrants in the year ended 30 June 2018.

(3) C A Campbell purchased 4,727 shares on market in the year ended 30 June 2018 as per the Marlin share purchase plan (purchase price $0.79). C A Campbell received 4,033 shares in the year ended 30 June 2018, issued under the dividend reinvestment plan (average issue price $0.81). C A Campbell was issued 11,075 warrants in the year ended 30 June 2018.

(4) R A Coupe purchased 4,727 shares on market in the year ended 30 June 2018 as per the Marlin share purchase plan (purchase price $0.79). R A Coupe received 2,797 shares in the year ended 30 June 2018, issued under the dividend reinvestment plan (average issue price $0.81). R A Coupe was issued 7,683 warrants in the year ended 30 June 2018.

Directors' Indemnity and Insurance

Marlin has arranged directors' and officers' liability insurance covering directors acting on behalf of Marlin. Cover is for damages, judgements, fines, penalties, legal costs awarded and defence costs arising from wrongful acts committed while acting for Marlin. The types of acts that are not covered include dishonest, fraudulent, malicious acts or omissions, wilful breach of statute or regulations.

Marlin has granted an indemnity in favour of all current and future directors of the Company in accordance with its constitution.

Directors Holding Office

Marlin's directors as at 30 June 2018 were:

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

During the year, there were no appointments to the board.

In accordance with the Marlin Global constitution, at the 2017 Annual Shareholders' Meeting, Andy Coupe retired by rotation and being eligible was re elected. Carol Campbell retires by rotation at the 2018 Annual Shareholders' Meeting and being eligible, offers herself for re-election.

Directors' Relevant Interests

The following are relevant interests of Marlin Global's directors as at 30 June 2018:

A B Ryan	Kingfish Limited	Chair
	Barramundi Limited	Chair
	Christchurch Casinos Limited	Director
	Metlifecare Limited	Director
	Evolve Education Group Limited	Chair
	Audit Oversight Committee	Member
	Kiwibank Limited	Director
C M Fisher	Kingfish Limited	Director
	Barramundi Limited	Director
	NZTE Limited	Director
	Fisher Funds Management Limited	Director
C A Campbell	Kingfish Limited	Director
	Barramundi Limited	Director
	T&G Insurance Limited	Director
	Hick Bros Civil Construction Limited & associated companies	Director
	Woodford Properties Limited	Director
	alphaXRT Limited	Director
	New Zealand Post Limited	Director
	NZME Limited	Director
	Key Assets NZ Limited	Director
	Kiwibank Limited	Director
	Nica Consulting Limited	Director
	NPT Limited	Director
	Key Assets Foundation	Trustee
	Cord Bank Limited	Director
	Bankside Chambers Ltd	Director
	Chubb Insurance New Zealand Limited	Director
R A Coupe	Kingfish Limited	Director
	Barramundi Limited	Director
	New Zealand Takeovers Panel	Chair
	Coupe Consulting Limited	Director
	Farmright Limited	Chair
	Gentrack Group Limited	Director
	Briscoe Group Limited	Director
	Television New Zealand Limited	Deputy Chair

Auditor's Remuneration

During the 30 June 2018 year, the following amounts were paid/payable to the auditor, PricewaterhouseCoopers New Zealand.

	$000
Statutory audit and review of financial statements	35
Non assurance services	5

PricewaterhouseCoopers New Zealand is a registered audit firm and its audit partners are licensed auditors under the Auditor Regulation Act 2011.

Donations

Marlin Global did not make any donations during the year ended 30 June 2018.

GLOSSARY

Net Asset Value (NAV)

The NAV per share represents the market value of the total assets of Marlin (investments and cash) less any liabilities (expenses and tax), divided by the number of shares on issue. The NAV is calculated at the close of business each Wednesday and at month end. The NAV is reviewed by PwC at interim period end and audited at the end of each financial year. The NAV is announced to the NZX each Thursday and at month end.

This metric is useful as it reflects the underlying value of the investment portfolio.

Adjusted Net Asset Value (Adjusted NAV)

The adjusted NAV per share represents the total assets of Marlin (investments and cash) minus any liabilities (expenses and tax) divided by the number of shares on issue and adds back dividends paid to shareholders and adjusts for the impacts of shares issued under the dividend reinvestment plan at the discounted reinvestment price, shares bought off the market (share buy-backs) at a price different to the NAV and warrants exercised at a price different to the NAV at the time exercised.

Adjusted NAV assumes all dividends are reinvested in the company's dividend reinvestment plan and excludes imputation credits.

This metric is useful as it reflects the underlying performance of the investment portfolio adjusted for dividends, share buy-backs and warrants, which are a capital allocation decisions and not a reflection of the portfolio's performance.

Adjusted NAV Return

The Adjusted NAV Return is the percentage change in Adjusted NAV and is calculated monthly, so the Adjusted NAV Return for multi-month periods is the compounded monthly returns. The Adjusted NAV Return is the net return to an investor after fees and tax.

The Adjusted NAV calculation and the Adjusted NAV Return are reviewed by an independent actuary at each interim and annual reporting period.

Gross Performance Return

Gross Performance Return is an estimated investment return on a before tax and before expenses basis. It is calculated monthly and is appropriate for assessing the Manager's performance against an index or benchmark.

The monthly gross performance is calculated by adding together the interest, dividend income and investment gains (or losses) generated by Marlin's portfolio of investments over the month. The Gross Performance Return represents the gross performance divided by Marlin's opening asset value for the month plus the net cash flow for the month, assuming it was paid mid-month. The result is expressed as a percentage. The Gross Performance Return for multi-month periods are the compounded monthly returns.

The Gross Performance Return is used to compare the Manager's performance against a benchmark index return (which are also on a gross basis with no fees, costs or tax).

This metric reflects the Manager's portfolio performance in terms of stock selection and hedging of currency movements.

The Gross Performance Return is reviewed by an independent actuary at each interim and annual reporting period.

Total Shareholder Return (TSR)

The TSR combines the share price performance, the warrant price performance (when warrants are on issue), the net value of converting warrants into shares, and dividends paid to shareholders.

TSR assumes:

- all dividends paid are reinvested in the company's dividend reinvestment plan at the discounted reinvestment price and excludes imputation credits.
- all shareholders that have received warrants (for free), have subsequently exercised their warrants at the warrant expiry date and bought shares (if they were in the money).

This metric is useful as it reflects the return of an investor who reinvests their dividends and, if in the money, exercises their warrants at warrant maturity date for additional shares. No metric has been included for investors who choose other investment options. The TSR is reviewed by an Independent Actuary at each Interim and Annual reporting period.

Operating expense (OPEX) ratio

The OPEX ratio represents total expenses, excluding brokerage and tax, divided by Marlin's average net asset value for the period. The result is expressed as a percentage.

This metric is useful when comparing Marlin's expenses to other investment vehicles.

The OPEX ratio may also be reported on an excluding performance fees basis.

The OPEX ratio is reviewed by an independent actuary at each annual reporting period.

Dividend return

The dividend return is calculated by dividing the dollar value of dividends paid per share by the opening share price. This metric is useful as it indicates how much Marlin pays out in dividends each year relative to its share price.

The dividend return is reviewed by an independent actuary at each interim and annual reporting period.

DIRECTORY

Registered Office
Marlin Global Limited
Level 1
67 – 73 Hurstmere Road
Takapuna
Auckland 0622

Directors
Independent Directors
Alistair Ryan (Chair)
Carol Campbell
Andy Coupe

Director
Carmel Fisher

Corporate Manager
Wayne Burns

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

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

Share Registrar
Computershare Investor Services Limited
Level 2
159 Hurstmere Road
Takapuna
Auckland 0622
Private Bag 92119
Auckland 1142

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

Auditor
PricewaterhouseCoopers New Zealand
Level 8
188 Quay Street
Auckland 1142

Solicitor
Bell Gully
Level 21
48 Shortland Street
Auckland 1010

Banker
ANZ Bank New Zealand Limited
23-29 Albert Street
Auckland 1010

For more information
For enquiries about transactions, changes of address and dividend payments, contact the share registrar above. Alternatively, to change your address, update your payment instructions and to view your investment portfolio including transactions online, please visit: www.investorcentre.com/NZ

For enquiries about Marlin contact
Marlin Global Limited
Level 1, 67 – 73 Hurstmere Road, Takapuna, Auckland 0622
Private Bag 93502, Takapuna, Auckland 0740

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