MARLIN GLOBAL LIMITED
FINANCIAL STATEMENTS CONTENTS
FOR THE YEAR ENDED 30 JUNE 2016

MARLIN GLOBAL LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2016

	Notes	2016 $000	2015 $000
Interest income		36	54
Dividend income		930	1,045
Other (losses)/income	**1(i)**	(157)	1,165
Net changes in fair value of financial assets and liabilities	**1(ii)**	(4,590)	16,232
Total net (loss)/income		**(3,781)**	**18,496**
Operating expenses	**1(iii)**	(1,653)	(3,627)
Operating (loss)/profit before tax		**(5,434)**	**14,869**
Total tax expense	**3(i)**	(1,467)	(194)
Net operating (loss)/profit after tax attributable to shareholders		**(6,901)**	**14,675**
Other comprehensive income		0	0
Total comprehensive (loss)/income after tax attributable to shareholders		**(6,901)**	**14,675**

Earnings per share

		2016	2015
Basic and diluted earnings per share			
(Loss)/profit attributable to owners of the company ($000)		(6,901)	14,675
Weighted average number of ordinary shares on issue net of treasury stock ('000)		111,007	108,253
Basic and diluted earnings per share		**(6.22)c**	**13.56c**

The Statement of Accounting Policies set out on pages 5 to 8 and the Notes to the Financial Statements set out on pages 9 to 15 should be read in conjunction with this Statement of Comprehensive Income.

MARLIN GLOBAL LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2016

	Notes	Share Capital	(Accumulated Deficits)/ Retained Earnings	Total Equity
		Attributable to shareholders of the company		
		$000	**$000**	**$000**
Balance at 1 July 2014		**103,385**	**(5,433)**	**97,952**
Comprehensive income				
Profit for the year		0	14,675	14,675
Other comprehensive income		0	0	0
Total comprehensive income for the year ended 30 June 2015		**0**	**14,675**	**14,675**
Transactions with owners				
Share buybacks	**2**	(1,089)	0	(1,089)
Dividends paid		0	(7,947)	(7,947)
Dividends reinvested	**2**	3,329	0	3,329
Total transactions with owners for the year ended 30 June 2015		**2,240**	**(7,947)**	**(5,707)**
Balance at 30 June 2015		**105,625**	**1,295**	**106,920**
Comprehensive income				
Loss for the year		0	(6,901)	(6,901)
Other comprehensive income		0	0	0
Total comprehensive loss for the year ended 30 June 2016		**0**	**(6,901)**	**(6,901)**
Transactions with owners				
Share buybacks	**2**	(943)	0	(943)
Warrant issue costs	**2**	(14)	0	(14)
Dividends paid		0	(8,277)	(8,277)
Dividends reinvested	**2**	3,470	0	3,470
Total transactions with owners for the year ended 30 June 2016		**2,513**	**(8,277)**	**(5,764)**
Balance at 30 June 2016		**108,138**	**(13,883)**	**94,255**

The Statement of Accounting Policies set out on pages 5 to 8 and the Notes to the Financial Statements set out on pages 9 to 15 should be read in conjunction with this Statement of Changes in Equity.

MARLIN GLOBAL LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2016

	Notes	2016 $000	2015 $000
ASSETS			
Current Assets			
Cash and cash equivalents		6,321	7,681
Trade and other receivables	**4**	738	33
Financial assets at fair value through profit or loss	**6**	89,696	102,624
Current tax receivable	**3(ii)**	0	606
Total Current Assets		**96,755**	**110,944**
Non-current Assets			
Deferred tax asset	**3(iii)**	0	4
Total Non-current Assets		0	**4**
TOTAL ASSETS		**96,755**	**110,948**
LIABILITIES			
Current Liabilities			
Financial liabilities at fair value through profit or loss	**6**	16	2,369
Current tax payable	**3(ii)**	729	0
Trade and other payables	**5**	1,755	1,659
Total Current Liabilities		**2,500**	**4,028**
TOTAL LIABILITIES		**2,500**	**4,028**
EQUITY			
Share capital	**2**	108,138	105,625
(Accumulated deficits)/retained earnings		(13,883)	1,295
TOTAL EQUITY		**94,255**	**106,920**
TOTAL EQUITY AND LIABILITIES		**96,755**	**110,948**

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

A B Ryan
Chairman
22 August 2016

C A Campbell
Chair of the Audit and Risk Committee
22 August 2016

The Statement of Accounting Policies set out on pages 5 to 8 and the Notes to the Financial Statements set out on pages 9 to 15 should be read in conjunction with this Statement of Financial Position.

MARLIN GLOBAL LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2016

	Notes	2016 $000	2015 $000
Operating Activities			
Cash was provided from:			
Sale of investments		36,563	29,688
Interest received		28	54
Dividends received		923	1,053
Other income		590	364
Cash was applied to:			
Purchase of investments		(29,052)	(24,682)
Operating expenses		(3,645)	(3,088)
Taxes paid		(128)	(707)
Net cash inflows from operating activities	**7**	**5,279**	**2,682**
Financing Activities			
Cash was applied to:			
Warrant issue costs		(14)	0
Share buybacks		(1,055)	(1,001)
Dividends paid (net of dividends reinvested)		(4,807)	(4,618)
Net cash outflows from financing activities		**(5,876)**	**(5,619)**
Net decrease in cash and cash equivalents held		**(597)**	**(2,937)**
Cash and cash equivalents at beginning of the year		7,681	9,819
Effects of foreign currency translation on cash balance		(763)	799
Cash and cash equivalents at end of the year		**6,321**	**7,681**

All cash balances comprise short-term cash deposits.

The Statement of Accounting Policies set out on pages 5 to 8 and the Notes to the Financial Statements set out on pages 9 to 15 should be read in conjunction with this Statement of Cash Flows.

GENERAL INFORMATION

Entity Reporting
These financial statements for Marlin Global Limited ("Marlin" or "the company").

Legal Form and Domicile
Marlin is incorporated and domiciled in New Zealand.

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

The company is listed on the NZX Main Board and became an FMC Reporting Entity under the Financial Markets Conduct Act 2013 on 1 December 2014.

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

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

Authorisation of Financial Statements
The Marlin Board of Directors authorised these financial statements for issue on 22 August 2016.

No party may change these financial statements after their issue.

ACCOUNTING POLICIES

Period Covered by Financial Statements
These financial statements cover the audited results from operations for the year ended 30 June 2016.

Statement of Compliance
The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP"), the Financial Reporting Act 2013 and part 7 of the Financial Markets Conduct Act 2013. They comply with the New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS") and other applicable Financial Reporting Standards, as appropriate. These financial statements comply with International Financial Reporting Standards ("IFRS") as published by the International Accounting Standards Board.

The following new standard relevant to the company is not yet effective and has not yet been applied in preparing the financial statements:

NZ IFRS 9: Financial Instruments is applicable to annual reporting periods beginning on or after 1 January 2018. The company plans to adopt this standard for the financial year ending 30 June 2019. *NZ IFRS 9* was issued in September 2014 as a complete version of the standard and will replace parts of the existing standard *NZ IAS 39: Financial Instruments Recognition and Measurement* that relate to the classification and measurement of financial instruments, hedge accounting and impairment. *NZ IFRS 9* requires financial assets to be classified into three measurement categories: fair value through profit and loss, fair value through other comprehensive income or amortised cost. The standard is not expected to materially affect the company's financial statements.

There are no other standards, amendments or interpretations that have been issued but are not yet effective that are expected to impact the company's financial statements.

Summary of Significant Accounting Policies
The accounting policies that materially affect the recognition, measurement and disclosure of items in the Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Financial Position and Statement of Cash Flows are set out below. These policies have been consistently applied to all the years presented.

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

Critical Judgements, Estimates and Assumptions
The preparation of these financial statements did not require the directors to make material judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses.

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

Statement of Cash Flows
The following are definitions of the terms used in the Statement of Cash Flows:
(a) Operating activities include all principal revenue producing activities and other events that are not financing activities.
(b) Financing activities are those activities that result in changes in the size and composition of the capital structure.

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

Foreign Currency Transactions and Translations
Foreign currency transactions are translated into the functional currency using exchange rates at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in the Statement of Comprehensive Income within Other Income / (Losses).

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

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

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

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

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

Manager's Performance Fee
The performance fee is recognised in the Statement of Comprehensive Income on an accrual basis based on the performance of the company to balance date. Refer to note 11 to the financial statements.

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

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

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

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

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

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

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

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

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

The fair values of investments at fair value through profit or loss traded in active markets are based on last sale prices at balance date, except where the last sale price falls outside the bid-ask spread, in which case the bid price is used.

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

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

All investments are derecognised upon disposal. Any gain or loss arising on derecognition of the investment is included in the Statement of Comprehensive Income. Gain or losses are calculated as the difference between the disposal proceeds and the carrying amount of the item.

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

Investments at Fair Value Through Profit or Loss (continued)
Held for trading financial assets at fair value through profit or loss
Held for trading financial assets at fair value through profit or loss comprise forward foreign exchange contracts. The use of these contracts by the company is limited to the risk management of their investments.

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

Fair Value
The fair value of investments at fair value through profit or loss traded in active markets is based on last sale prices at balance date, except where the last sale price falls outside the bid-ask spread, in which case the bid price is used.

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

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

The fair value hierarchy has the following levels:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and

Level 3 inputs are unobservable inputs for the asset or liability.

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

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

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

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

Trade and Other Receivables
Trade and other receivables are initially recognised at fair value and subsequently carried at amortised cost less impairment where collection is doubtful. Receivables are assessed on a case-by-case basis for impairment. The fair value of trade receivables is equivalent to their carrying amount.

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

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

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

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

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

Earnings Per Share
Basic earnings per share is calculated by dividing 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 is calculated by dividing profit attributable to equity holders of the company by the weighted average number of ordinary shares plus the dilutive effect of potential ordinary shares outstanding during the year. Potential ordinary shares include outstanding warrants.

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, net of tax. Share capital bought back by the company reduces share capital and may be held as treasury stock at the value of the consideration paid. Treasury stock may later be re-issued which increases share capital by the fair value of the shares on issue date.

Note 1 Statement of Comprehensive Income

	2016 $000	2015 $000
(i) Other (losses)/income		
Foreign exchange (losses)/gains on cash and cash equivalents	(157)	1,165
Total other (losses)/income	**(157)**	**1,165**

	2016 $000	2015 $000
(ii) Net changes in fair value of financial assets and liabilities		
Investments designated at fair value through profit or loss		
International equity investments	(2,571)	6,457
Foreign exchange (losses)/gains on equity investments	(4,079)	11,535
Total (losses)/gains on designated financial assets	**(6,650)**	**17,992**
Investments at fair value through profit or loss - held for trading		
Gains/(losses) on forward foreign exchange contracts	2,060	(1,760)
Total gains/(losses) on financial assets and liabilities held for trading	**2,060**	**(1,760)**
Net changes in fair value of financial assets and liabilities	**(4,590)**	**16,232**

	2016 $000	2015 $000
(iii) Operating expenses		
Management fee (note 8)	880	1,445
Administration services (note 8)	159	175
Directors' fees (note 8)	144	145
Performance fee (note 8 and note 11)	0	1,356
Custody, brokerage and transaction fees	227	246
Investor relations and communications	107	108
NZX fees	43	61
Auditor's fees:		
Statutory audit and review of financial statements	29	36
Other assurance services	4	2
Non assurance services	2	4
Professional fees	26	28
Other operating expenses	32	21
Total operating expenses	**1,653**	**3,627**

Other assurance services relate to a share register audit and a warrant register audit and non-assurance services relate to annual meeting procedures and agreed upon procedure reporting in relation to the performance fee calculation. No other fees were paid to the auditor during the period (2015: nil).

Note 2 Share Capital

Ordinary shares

As at 30 June 2016 there were 113,369,629 (30 June 2015: 110,086,299) fully paid Marlin shares on issue, including treasury stock of nil shares (30 June 2015: 126,593). All ordinary shares are classified as equity, rank equally and have no par value. All shares (with the exception of treasury stock) carry an entitlement to dividends and one vote attached to each fully paid ordinary share.

	2016 $000	2015 $000
Opening balance	105,625	103,385
Shares issued from treasury stock under dividend reinvestment plan	992	982
New shares issued under dividend reinvestment plan	2,478	2,347
Warrant issue costs	(14)	0
	109,081	106,714
Share buybacks held as treasury stock	(943)	(1,089)
Closing balance	**108,138**	**105,625**

Warrants

On 14 July 2015, 27,546,716 new Marlin warrants were allotted and listed on the NZX Main Board. One new warrant was issued to all eligible shareholders for every four shares held on record date (13 July 2015). The warrants are exercisable at $0.88, adjusted down for dividends declared during the period up to the exercise date of 5 August 2016 (refer to Note 15). Warrant holders can elect to exercise some or all of their warrants on the exercise date subject to a minimum exercise of 500 warrants.

Treasury stock

On 2 November 2015, Marlin announced the continuation of its share buyback programme of its ordinary shares in accordance with Section 65 of the Companies Act 1993. All the shares acquired under the buyback scheme are initially held as treasury stock but are available to be re-issued. The net cost of treasury stock is deducted from share capital.

Note 2 Share Capital (continued)

Treasury stock (continued)

	2016 $000	2015 $000	*Number of shares* 2016 '000	2015 '000
Opening balance	183	76	127	35
Share buybacks	943	1,089	1,087	1,303
Shares re-issued under dividend reinvestment plan	(992)	(982)	(1,214)	(1,211)
Closing balance	**134**	**183**	**0**	**127**

Note 3 Taxation

(i) Total tax expense

	2016 $000	2015 $000
Operating (loss)/profit before tax	**(5,434)**	**14,869**
Non-taxable realised (gain)/loss on financial assets and liabilities	(9,684)	13
Non-taxable unrealised loss/(gain) on financial assets and liabilities	16,334	(18,005)
Exempt dividends subject to Fair Dividend Rate	(924)	(1,032)
Fair Dividend Rate income	4,846	4,434
Other	160	413
Prior period adjustment	(58)	0
Taxable income	**5,240**	**692**
Tax at 28%	**1,467**	**194**
Taxation expense comprises:		
Current tax	1,466	117
Foreign tax credits forfeited	17	77
Prior period adjustment	(16)	0
Total tax expense	**1,467**	**194**

(ii) Current tax balance

	2016 $000	2015 $000
Opening balance	606	97
Current tax movements	(1,466)	(117)
Tax paid	131	626
Current tax (payable)/receivable	**(729)**	**606**

(iii) Deferred tax balance

	2016 $000	2015 $000
Opening balance	4	0
Other	(4)	4
Deferred tax asset	**0**	**4**

(iv) Imputation credits

Imputation credits available for subsequent reporting periods total $729,050 (2015: $2,132). 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 2016.

Note 4 Trade and Other Receivables

	2016 $000	2015 $000
Related party receivable (note 8)	586	0
Interest receivable	8	0
Dividends receivable	51	28
Unsettled investment sales	54	0
Other receivables and prepayments	39	5
Total trade and other receivables	**738**	**33**

Trade receivables are classified as loans and receivables under *NZ IAS 39* . Total loans and receivables are $7,059,904 (30 June 2015: $7,712,832) being cash plus trade and other receivables.

Note 5 Trade and Other Payables

	2016 $000	2015 $000
Related party payable (note 8)	112	1,483
Unsettled investment purchases	1,578	0
Other payables and accruals	65	64
Share buyback payable	0	112
Total trade and other payables	**1,755**	**1,659**

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

Note 6 Financial Assets and Liabilities at Fair Value Through Profit or Loss

	2016 $000	2015 $000
Financial Assets:		
Investments designated at fair value through profit or loss		
International listed equity investments	89,334	102,624
Financial assets at fair value through profit or loss - held for trading		
Forward foreign exchange contracts	362	0
Total financial assets at fair value through profit or loss	**89,696**	**102,624**
Financial Liabilities:		
Financial liabilities at fair value through profit or loss - held for trading		
Forward foreign exchange contracts	16	2,369
Total financial liabilities at fair value through profit or loss	**16**	**2,369**

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

All investments at fair value through profit or loss are valued using last sale prices from an active market, except nine stocks where the last sale price was outside the bid-ask spread and therefore bid price was used (June 2015: all investments valued using last sale prices except eight stocks where the last sale price was outside the bid-ask spread and therefore bid price was used).

All investments are classified as Level 1 in the fair value hierarchy (2015: all investments)

Forward foreign exchange contracts are valued using observable market prices (as they are not quoted), and they are classified as Level 2 in the fair value hierarchy. The notional value of forward foreign exchange contracts held at 30 June 2016 was $31,692,770 (30 June 2015: $26,264,775).

Note 7 Reconciliation of Net Operating (Loss)/Profit after Tax to Net Cash Flows from Operating Activities

	2016 $000	2015 $000
Net operating (loss)/profit after tax	**(6,901)**	**14,675**
Items not involving cash flows:		
Unrealised losses/(gains) on cash and cash equivalents	763	(799)
Unrealised losses/(gains) on revaluation of investments	13,616	(15,283)
	14,379	**(16,082)**
Impact of changes in working capital items		
Increase in fees and other payables	96	613
(Increase)/decrease in interest, dividends and other receivables	(705)	20
Change in current and deferred tax	1,339	(513)
	730	**120**
Items relating to investments		
Net amount received from investments	7,511	5,006
Realised gains on investments	(9,028)	(949)
Increase in unsettled purchases of investments	(1,578)	0
Increase in unsettled sales of investments	54	0
Decrease/(increase) in share buybacks payable	112	(88)
	(2,929)	**3,969**
Net cash inflows from operating activities	**5,279**	**2,682**

Note 8 Related Party Information

Parties are considered to be related if one party has the ability to control or exercise significant influence over the other party in making financial or operational decisions.

The Manager of Marlin is Fisher Funds Management Limited ("Fisher Funds" or "the Manager"). Fisher Funds is a related party by virtue of the Manager's common directorship and a Management Agreement.

The Management Agreement with Fisher Funds provides for the provisional payment of a management fee equal to 1.25% (plus GST) per annum of the gross asset value, calculated weekly and payable monthly in arrears. This management fee is reduced by 0.10% for each 1.0% per annum by which the Gross Return achieved on the portfolio during each financial year is less than the change in the NZ 90 Day Bank Bill Index over the same period but subject to a minimum management fee of 0.75% (plus GST) per annum of the average gross asset value for that period. The annual management fee is finalised at 30 June and any adjustment (where the management fee is less than 1.25%) is offset against future management fee payments due to Fisher Funds. For the year ended 30 June 2016, the management fee adjustment of $586,394 (30 June 2015: no adjustment) is recognised as a prepayment in the Statement of Financial Position.

Management fees for the year ended 30 June 2016 totalled $879,592 (30 June 2015: $1,444,726). In addition, a performance fee may be earned by the Manager if portfolio returns exceed the performance fee hurdle of the change in NZ 90 Day Bank Bill Index plus 5% per annum, to the extent the high water mark is also exceeded. Performance fees are calculated weekly and payable annually at the end of each financial year. No performance fee has been earned by the Manager for the year ended 30 June 2016, see note 11 (30 June 2015 earned and payable: $1,356,375). Barramundi is a party to an Administration Services Agreement with Fisher Funds for the provision of administration services and a regular monthly fee is charged. The net amount payable to Fisher Funds at 30 June 2016 was $112,269 (30 June 2015: $126,158).

Included within investor relations and communications are marketing costs incurred by Fisher Funds on behalf of Marlin which amounted to $15,516 for the year ended 30 June 2016 and were recharged in full to Marlin (30 June 2015: $13,741).

The directors of Marlin are the only key management personnel as defined by *NZ IAS 24 Related Party Disclosures* and they earn a fee for their services which is disclosed in note 1(iii) under directors' fees (only independent directors earn a director's fee). The directors also held shares in the company at 30 June 2016 which are disclosed in the Statutory Information section of the annual report and total 1.14% of total shares on issue (30 June 2015: 0.61%) and 0.61% of total warrants on issue (30 June 2015: nil). The directors did not receive any other benefits which may have necessitated disclosure under *NZ IAS 24* (paragraph 16).

Off-market transactions between Marlin and other funds managed by Fisher Funds take place for the purposes of rebalancing portfolios without incurring brokerage costs. These transactions are conducted after the market has closed at last sale price (arm's length). During the year ended 30 June 2016, off-market transactions between Marlin and other funds managed by Fisher Funds totalled $1,675,292 for purchases and nil for sales (year ended 30 June 2015: nil for purchases and nil for sales).

Note 9 Financial Risk Management Policies

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

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

Capital Risk Management

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

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

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

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

Note 9 Financial Risk Management Policies (continued)

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

The countries in which Marlin's exposure is 10% or greater of the portfolio are Germany 16% and United States 57% (2015: Germany 17% and United States 47%).

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

Price Risk
The company is exposed to the risk of fluctuations in the underlying value of its listed portfolio companies. No companies individually comprise more than 10% of Marlin's total assets at 30 June 2016 (30 June 2015: none).

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

The company may use short-term fixed rate borrowings to fund investment opportunities. There were no borrowings at 30 June 2016 (30 June 2015: none).

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

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

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

	30 June 2016 NZ$000	30 June 2015 NZ$000
Canadian Dollars	1,944	0
Danish Kroner	3,141	2,936
Euros	18,581	29,226
Hong Kong Dollars	0	4,606
Japanese Yen	2,844	7,592
Mexican Pesos	790	1,735
Pounds Sterling	1,951	2,431
Singapore Dollars	2,919	4,033
Swiss Francs	14	16
US Dollars	59,619	54,692

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

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

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

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

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

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

Note 10 Sensitivity Analysis

The sensitivity of the year end result and shareholders' equity to reasonably possible changes in market conditions (based on historic trends) at 30 June is as follows:

2016: Company ($000)		**Equity Prices**			
	Carrying	**-10%**		**+10%**	
	Amount	**Profit**	**Equity**	**Profit**	**Equity**
Investments at fair value through profit or loss - designated	89,334	(8,933)	(8,933)	8,933	8,933
		Interest Rate			
	Carrying	**-1%**		**+1%**	
	Amount	**Profit**	**Equity**	**Profit**	**Equity**
Cash and cash equivalents	6,321	(63)	(63)	63	63
		Foreign Exchange Rate			
	Carrying	**-10%**		**+10%**	
	Amount	**Profit**	**Equity**	**Profit**	**Equity**
Cash and cash equivalents:					
US dollar	2,008	223	223	(183)	(183)
Euro	540	60	60	(49)	(49)
Other currencies	1,048	110	110	(90)	(90)
Net trade payables/receivables:					
US dollar	(1,264)	(141)	(141)	115	115
Other currencies	(209)	(23)	(23)	19	19
Investments at fair value through profit or loss - designated:					
US dollar	58,703	6,523	6,523	(5,337)	(5,337)
Euro	17,851	1,983	1,983	(1,623)	(1,623)
Other currencies	12,780	1,420	1,420	(1,162)	(1,162)
Investments at fair value through profit or loss - held for trading:					
US dollar	172	(2,442)	(2,442)	1,998	1,998
Euro	190	(899)	(899)	735	735
Other currencies	(16)	(181)	(181)	148	148

2015: Company ($000)		**Equity Prices**			
	Carrying	**-10%**		**+10%**	
	Amount	**Profit**	**Equity**	**Profit**	**Equity**
Investments at fair value through profit or loss - designated	102,624	(10,262)	(10,262)	10,262	10,262
		Interest Rate			
	Carrying	**-1%**		**+1%**	
	Amount	**Profit**	**Equity**	**Profit**	**Equity**
Cash and cash equivalents	7,681	(77)	(77)	77	77
		Foreign Exchange Rate			
	Carrying	**-10%**		**+10%**	
	Amount	**Profit**	**Equity**	**Profit**	**Equity**
Cash and cash equivalents:					
US dollar	1,698	189	189	(154)	(154)
Euro	2,117	235	235	(192)	(192)
Other currencies	3,169	352	352	(288)	(288)
Net trade payables/receivables:					
US dollar	9	1	1	(1)	(1)
Other currencies	19	2	2	(2)	(2)
Investments at fair value through profit or loss - designated:					
US dollar	54,012	6,001	6,001	(4,910)	(4,910)
Euro	28,125	3,125	3,125	(2,557)	(2,557)
Other currencies	20,487	2,276	2,276	(1,862)	(1,862)
Investments at fair value through profit or loss - held for trading:					
US dollar	(1,028)	(1,434)	(1,434)	1,173	1,173
Euro	(1,016)	(1,156)	(1,156)	946	946
Other currencies	(325)	(592)	(592)	485	485

Note 10 Sensitivity Analysis (continued)

Price Risk
A variable of 10% was selected as this is a reasonably expected movement based on historic trends in equity prices. The table above summarises the impact on profit and equity at 30 June if equity prices were 10% higher/lower with all other variables held constant.

Interest Rate Risk
A variable of 1% was selected as this is 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. The table above summarises the impact on profit and equity if interest rates were 1% higher/lower with all other variables held constant.

Currency Risk
A variable of 10% was selected as this is reasonably expected movement based on historic trends in exchange rate movements. The table above summarises the impact on profit and equity if exchange rates were 10% higher/lower with all other variables held constant. A sensitivity analysis has been provided to show the impact of -/+10% movement in the largest exposures, US dollars and Euros. Hong Kong denominated assets have also been included as the Hong Kong dollar is pegged to the US dollar.

At 30 June 2016, the US$/NZ$ rate was 0.7122 (2015: 0.6763), the HK$/NZ$ rate was 5.5252 (2015: 5.2430), the Euro/NZ$ rate was 0.6411 (2015: 0.6070) and the JPY/NZ$ rate was 73.0646 (2015: 82.7554).

Note 11 Performance Fee
The Management Agreement with Fisher Funds provides for an annual performance fee for outperforming the benchmark rate and providing excess returns.

The performance fee payable to the Manager under the agreement is 15% of the lesser of:

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

b) the dollar amount by which the net asset value per share exceeds the highest net asset value per share (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.

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

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

At 30 June 2016 the net asset value per share, before the deduction of a performance fee, of $0.83 (30 June 2015: $0.97) was below the high water mark net asset value per share of $0.89 (being the highest net asset value per share at the end of the last calculation period of 30 June 2015 adjusted for any capital changes and distributions).

Accordingly, the company has not expensed a performance fee in its Statement of Comprehensive Income for the year ended 30 June 2016 (30 June 2015: $1,356,375).

Note 12 Net Asset Value
The audited net asset value of Marlin as at 30 June 2016 was $0.83 per share (30 June 2015: $0.97 per share) calculated as the net assets of $94,255,329 divided by the number of shares on issue of 113,369,629.

Note 13 Contingent Liabilities and Unrecognised Contractual Commitments
There were no material contingent liabilities or unrecognised contractual commitments as at 30 June 2016 (30 June 2015: nil).

Note 14 Segmental Reporting
The company operates in a single operating segment being international financial investment.

Note 15 Subsequent Events

At 16 August 2016, the unaudited net asset value of the company was $0.88 per share and the share price was $0.81.

On 5 August 2016, 1,419,270 warrants were exercised at $0.81 per warrant and the remaining 26,127,446 warrants lapsed.

On 22 August 2016, the Board declared a dividend of 1.72 cents per share. The record date for this dividend is 15 September 2016 with a payment date of 30 September 2016.

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