



annual report

31 March

2017



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calendar

Next Dividend Payable

29 June 2017

Annual Shareholders' Meeting Ellerslie Event Centre, Auckland

28 July 2017

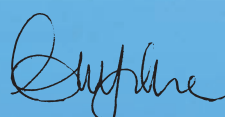
Interim Period End

30 September 2017

This report is dated 13 June 2017 and is signed on behalf of the Board of Kingfish Limited by Alistair Ryan, Chair, and Carmel Fisher, Director.



Alistair Ryan / Chair



Carmel Fisher / Director

about kingfish

Kingfish Limited ("Kingfish" or "the Company") is a listed investment company that invests in quality, growing New Zealand companies. The Kingfish 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. Kingfish listed on NZX Main Board on 31 March 2004 and may invest in companies that are listed on a New Zealand stock exchange or unlisted companies.

investment objectives

The key investment objectives of Kingfish 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 New Zealand quality growth stocks through a single tax efficient investment vehicle.

investment approach

The investment philosophy of Kingfish 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 9).

at a glance

as at 31 March 2017

\$22.4m

Net Profit

13.3%

Gross Performance*

8.1%

Total Shareholder
Return

\$1.40

NAV Per Share

\$1.29

Share Price

6.7%

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

dividends paid

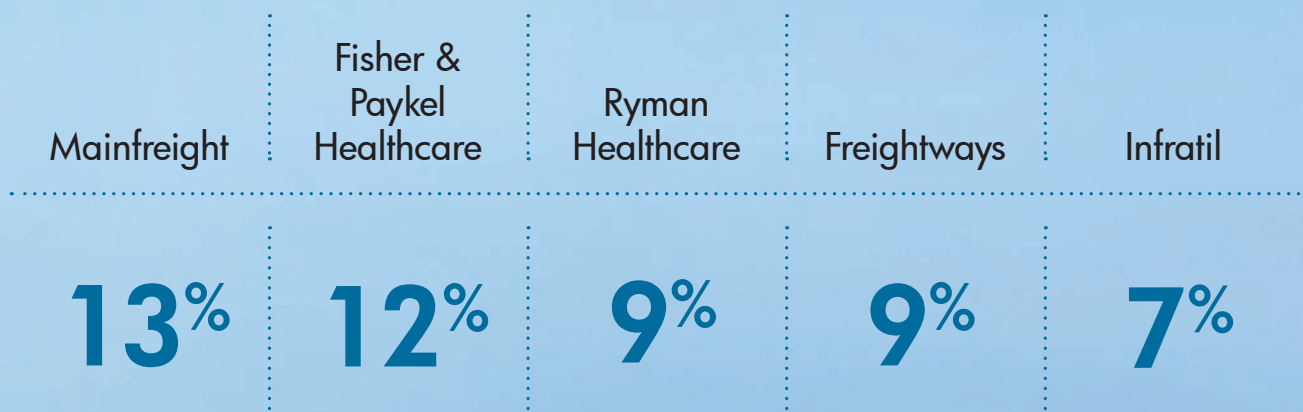
During the year ended 31 March 2017 (cents per share)



*Gross of fees and tax and adjusting for capital management initiatives

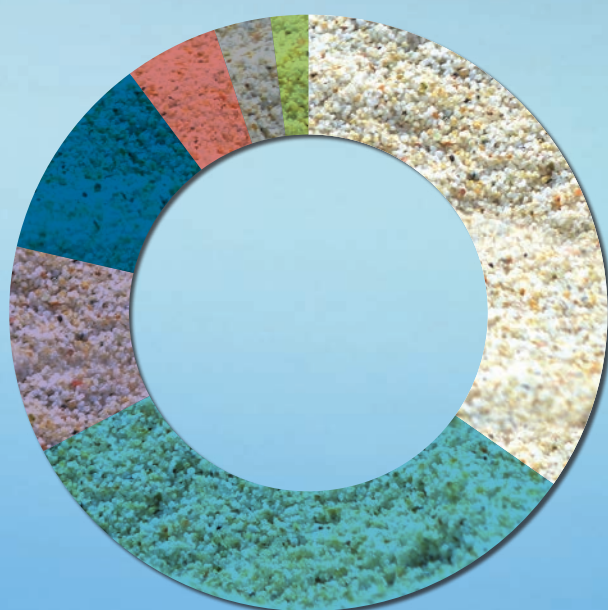
largest investments

as at 31 March 2017



sector split

as at 31 March 2017



Healthcare	34%
Industrials	32%
Utilities	11%
Consumer Discretionary	11%
Consumer Staples	5%
Information Technology	3%
Energy	2%

Directors' Overview

Kingfish continued its strong financial performance for the 2017 year achieving a net profit of \$22.4m, and also outperforming the S&P/NZXG50 Index by 6.7%. Shareholders enjoyed a continued dividend stream and a solid total shareholder return of 8.1%.

Following several years of strong performance, the New Zealand share market experienced a mixed 12 months to 31 March 2017. After an excellent first six months of the 2017 financial year, the New Zealand share market gave up much of those gains in the third quarter amidst global uncertainty and changing investor appetites, before regaining strength in the final quarter. Overall, the S&P/NZXG50 was up 6.6% for the year, while the Kingfish portfolio achieved 13.3%¹.

Kingfish achieved net profit of \$22.4m for the 2017 financial year, a strong result overall and an excellent follow up to last year's \$22.5m.

Shareholders also enjoyed higher returns for the year to 31 March 2017 compared to the previous period. Total shareholder return, which includes the change in the share price, dividends paid per share and the impact of warrants, was 8.1% for the 12 months, up from 3.3% for the year ended 31 March 2016.

Figure 1 (on page 8) summarises the five-year performance history for the years ended 31 March 2013–2017.

Figure 2 (on page 8) tracks the Kingfish share price and total shareholder return since inception.

Revenues and Expenses

The key components of the full year result were gains on investments of \$20.6m, dividend and interest income of \$6.8m less operating expenses and tax of \$5.0m.

Operating expenses were \$139k higher than the corresponding period, mainly due to higher management fees because of higher average portfolio values over the year. The Manager achieved an additional fee of \$931,653 plus GST for beating its performance fee hurdle for the year. Calculated in accordance with the Management Agreement, a performance fee is paid for outperformance of the Bank Bill Index plus 7% (9.3% in FY17) to the extent the High Water Mark (the highest NAV at the end of the previous financial year in which a performance fee was paid, after adjusting for capital changes and distributions) has been exceeded. The performance fee reflects the strong performance of the portfolio during the 2017 financial year.

Dividends

Kingfish continues to distribute 2.0% of average net asset value per quarter. Over the 12 month period to 31 March 2017, Kingfish paid 11.16 cents per share in dividends.

The next dividend will be 2.79 cents per share, payable on 29 June 2017 with an ex-date of 14 June 2017 and a record date of 15 June 2017.

Kingfish has a dividend reinvestment plan which provides ordinary shareholders with the option to reinvest all or part of any cash dividends in fully paid ordinary shares. Currently, shares issued under the reinvestment plan will be issued at a 3% discount. To participate in the dividend reinvestment plan, a completed participation notice must be received by Kingfish before the next record date. Full details of the dividend reinvestment plan can be found in the Kingfish Dividend Reinvestment Plan Offer Document, a copy of which is available at www.kingfish.co.nz/investor-centre/capital-management-strategies/.

Warrants

On 5 May 2017, Kingfish warrant holders had the option to convert all or some of their warrants into ordinary Kingfish shares at an exercise price of \$1.21. The warrant issue was successful, with a total of 29.1m (76%) warrants exercised, providing an additional \$35.2m of investment funds to invest in the Kingfish portfolio. The funds are currently being deployed in existing portfolio holdings. Warrants continue to be a part of our overall capital management programme.

People

There have been a number of key people changes during the 2017 year for Kingfish. Firstly, Murray Brown announced his retirement in late 2016, and Sam Dickie was appointed as the Fisher Funds' Senior Portfolio Manager responsible for managing the Kingfish portfolio. You can read more about Sam's ideas and expectations for Kingfish and the New Zealand market in the Manager's Report.

Carmel Fisher also announced her retirement from her role as Managing Director of Fisher Funds during the period, and since 18 April 2017, Bruce McLachlan (former Co-Operative Bank CEO) has been responsible for the day-to-day management of Fisher Funds as CEO. While no longer running Fisher Funds, Carmel remains a director of Fisher Funds, Kingfish Limited and a member of Kingfish Board sub-committees, including the Kingfish Investment Committee.

¹ Gross of fees and tax and adjusting for capital management initiatives

Annual Shareholders' Meeting

The 2017 Annual Shareholders' Meeting will be held on Friday 28 July at 10:30am at the Ellerslie Event Centre in Auckland. All shareholders are encouraged to attend, with those who are unable to attend invited to cast their vote on company resolutions prior to the meeting. All information presented at the annual meeting will be available on Kingfish's website at the conclusion of the meeting.

This year's annual meeting agenda includes a proposal to increase directors' fees. Please see the Notice of Meeting for more information.

Conclusion

The 2017 year was a mixed period for the New Zealand share market with reduced demand from international investors who preferred to capitalise on political and economic developments in offshore markets. It was

encouraging that Kingfish generated strong returns ahead of the market in such an environment. The Board is pleased at the Manager's continued focus on investing in quality companies which have continued to grow and yield healthy returns for shareholders.

We would like to thank you for your continued support and look forward to seeing many of you at our Annual Shareholders' Meeting in July.

On behalf of the Board,



Alistair Ryan / Chair
Kingfish Limited
13 June 2017

Comparative information

Kingfish's TSR and Adjusted NAV historical information has been restated due to a recent change to Non-GAAP measures. The restated values are based on the methodology described below.

Definitions of non-GAAP measures:

Adjusted Net Asset Value (NAV)

The adjusted NAV per share represents the total assets of Kingfish (investments and cash) minus any liabilities (expenses and tax), divided by the number of shares on issue. It adds back dividends paid to shareholders and adjusts for:

- the impact of shares issued under the dividend reinvestment plan at the discounted reinvestment price;
- shares bought on-market (share buybacks) 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.

The directors believe this metric to be useful as it reflects the underlying performance of the investment portfolio adjusted for dividends, share buybacks and warrants, which are a capital allocation decision and not a reflection of the portfolio's performance.

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 exclude imputation credits, and;
- 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).

Alistair Ryan,
Chair



Figure 1: Five-Year Performance Summary

Corporate Performance

For the year ended 31 March	2017	2016	2015	2014	2013	5 years (annualised)
Total Shareholder Return	8.1%	3.3%	18.2%	18.9%	38.4%	16.8%
Dividend Return	8.5%	7.7%	8.4%	8.8%	9.8%	
Share Price Change	(1.5%)	(4.4%)	7.0%	9.4%	25.8%	
Basic Earnings per Share	14.50cps	16.71cps	9.85cps	22.75cps	25.15cps	
Adjusted NAV Return ¹	10.6%	13.0%	6.8%	18.4%	24.6%	14.5%
As at 31 March	2017	2016	2015	2014	2013	
Audited NAV	\$1.40	\$1.37	\$1.34	\$1.36	\$1.24	
Adjusted NAV	\$3.51	\$3.17	\$2.81	\$2.63	\$2.22	
Share price	\$1.29	\$1.31	\$1.37	\$1.28	\$1.17	
Warrant price	\$0.05	-	\$0.10	-	-	
Share price discount/(premium) to NAV ²	6.7%	4.3%	(4.1%)	5.9%	6.0%	

Manager Performance

For the year ended 31 March	2017	2016	2015	2014	2013	5 years (annualised)
Gross Performance ³	13.3%	15.7%	9.6%	23.1%	29.8%	18.1%
NZX50 Gross Index	6.6%	15.7%	13.5%	16.2%	26.0%	15.4%
Performance fee hurdle / Benchmark Rate ⁴	9.3%	10.2%	10.6%	9.7%	9.7%	

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

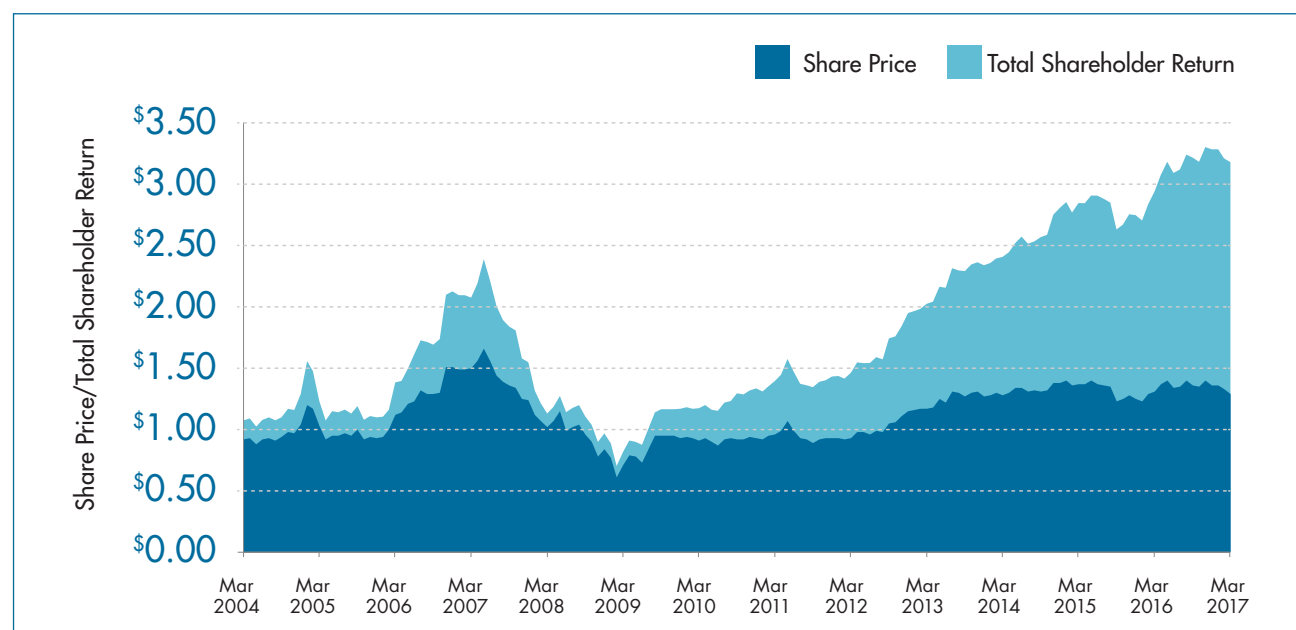
¹ Adjusted NAV Return (including warrants, dividends and buybacks)

² Share price discount/(premium) to NAV (including warrant price on a pro-rated basis)

³ Gross of fees and tax and adjusting for capital management initiatives.

⁴ Benchmark Rate (NZ 90 Day Bank Bill Index +7%)

Figure 2: Total Shareholder Return



the STEEPP process

Fisher Funds employs a process that it calls STEEPP 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? We prefer to buy companies that exhibit secular growth characteristics where they have proven the ability to provide a high or improving return on invested capital.

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 is the expected 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 us, the quality of the company management and its corporate governance is of paramount importance.

P

Price/Valuation

How much of the future earnings growth is already reflected in the share price? Where does the current share price sit in relation to our worst to best case valuation range? A company will generate a higher score where the market price currently reflects little of that company's upside potential.

Applying this STEEPP analysis, Fisher Funds maintained a portfolio for Kingfish which comprised 19 securities at the end of March 2017.

Manager's Report

It is exciting for me to have joined the Kingfish team and to be writing my first Manager's Report for shareholders. Over the years, under the guiding hand of Carmel Fisher and more recently Murray Brown, Kingfish has fashioned an impressive track record. This has been done by having a time tested and clearly articulated investment philosophy and combining this with in depth research and a little patience.

The Kingfish investment approach resonates with me and is very much aligned with my investment DNA. After a period away from New Zealand it's great to be back, rolling up my sleeves and finding superbly managed New Zealand companies that are market leaders and well positioned to keep growing.

I look forward to meeting a number of you at the upcoming Annual Shareholders' Meeting.

Performance:

The Kingfish portfolio was up 13.3%¹ for the year, comfortably outperforming the S&P/NZX50 gross index which, after experiencing a turbulent period, was up 6.6% for the year.

The 12 months to 31 March 2017 was, as the saying goes, a game of two halves for the stock market with the S&P/NZX50 up 9.0% in the first half and down 2.2% in the second half.

The start of September marked the culmination of a stellar 12 months where the New Zealand share market outperformed global share markets by more than 20%! Since September the story hasn't been as rosy with the S&P/NZX50 underperforming global markets by 11%.

As always, in strong markets as in weak markets, we remain focused on our core investment philosophy, investing in quality companies with sustainable competitive advantages that have the ability to grow earnings over time.

Of the 21 investments held over the year, 16 rose in value. Pleasingly, some of our larger portfolio positions delivered very strong performance, with the likes of Mainfreight (+47%), Freightways (+25%) and Summerset (+18%) significantly outperforming the market. The notable detractors from portfolio performance were Tegel, Infratil and Metro Performance Glass.

Market:

The New Zealand share market, as mentioned, performed strongly in the first half of the year before giving some of those gains back in the second half.

The New Zealand share market is one of the highest dividend yielding markets in the world, averaging more than twice the dividend yield of the US stock market over the past decade.

As interest rates around the world fell to all-time lows in the middle of 2016 the hunt for yield was on in earnest.

With high and stable dividends New Zealand shares were a real winner.

Not all good things last. In October, at the same time as consumer and producer prices had finally turned in China and were (temporarily) rising following a sharp (and largely engineered) increase in commodity prices, markets started to consider the probability that Trump could win the November US presidential election and spend vast amounts of money on infrastructure. The prospect of a marked pick-up in global inflation and a sharp rise in global interest rates (after falling fairly consistently since 1981) saw the New Zealand market lose its relative attractiveness.

Portfolio activity:

During the 2017 year, we introduced two new stocks to the portfolio, **Tegel Group** and **Z Energy**. We also exited two positions, **Metro Performance Glass** and **NZX**.

We took a small position in chicken manufacturer **Tegel Group** at the time of its IPO due to its dominant market position in an industry with high barriers to entry and management's aspirational goal of lifting exports from 16% to 25% of revenue.

We also invested in **Z Energy**. Z Energy is the market leader in New Zealand fuel retail by footprint, market share and brand recognition. With the acquisition of Caltex, Z Energy's position has further solidified and it will benefit from taking out costs in the supply chain, IT and administration. Z Energy's management has an exceptional track record and, since the acquisition by NZ Super and Infratil back in April 2010, management have materially improved the profitability of the business. This was achieved through investment in its retail sites, disciplined pricing behaviour (letting go of low margin commercial business) and extracting efficiencies from its supply chain.

We exited **Metro Performance Glass** because of the disappointing delivery on its growth promises since IPO and the apparent shift in strategic direction. We continue to believe Metro will benefit from market and industry themes (residential consent growth and more importantly growing penetration of double glazed glass and high performance glass vs commodity glass). We also appreciate management's efforts to implement measures aimed at reducing the cyclicity of the business. However, it is not clear to us that Metro will be able to capture appropriate value for shareholders during a strong construction market. In addition, when the cycle does eventually turn down, we are concerned the business will not be able to appropriately control costs to cushion profitability.

¹ Gross of fees and tax and adjusting for capital management initiatives.

We exited **NZX** because its high cost growth especially in new areas like derivatives and funds management caused this business to be less profitable than expected. Additionally, initiatives such as the NXT market, equity options and Clear Grain have been unsuccessful. Clear Grain is likely to be wound up, after many years of losses. Finally, NZX is losing new IPOs to the ASX, a trend we find somewhat disturbing.

Since year end, we have exited **Tegel Group** as our investment thesis changed. Over the period, it became evident that Tegel had less pricing power than we originally thought. The company has also struggled to deliver on its export strategy. Tegel has reminded us of a valuable lesson that IPOs generally have a higher bar due to limited management track record and earnings history data, especially so for IPOs that are sold by private equity firms.

Portfolio commentary:

The reporting season, when companies present financial results, is always a timely litmus test for the companies in our portfolio. The most recent earnings season did not disappoint. It was a busy one for our portfolio with half of the companies reporting. It was great to see that out of the 10 companies that reported, seven were ahead of expectations, with the other three broadly in line with expectations. This contrasts with the overall market where less than 30% of the companies managed to deliver operating earnings which exceeded market expectations.

Freightways also had another strong year, continuing to grow earnings at significantly higher than GDP growth through a combination of gaining market share, excellent management and smart bolt-on acquisitions.

Mainfreight delivered an impressive interim result in November which saw the stock up almost 20% in the December quarter alone. For the year it was the second best performing stock in our portfolio (after Michael Hill) but given it is our largest position it was the number one contributor to Kingfish performance. Relentless focus on team-work, brand, service quality, innovation and culture have helped Mainfreight dominate the New Zealand freight forwarding market, significantly improve its position in Australia and start to make roads into the giants' market shares in Europe and the US.

Delegat Group also had a solid interim result and remains very focused on North America where the lion's share of its projected growth in wine case sales is expected to

come from over the next four years. The US is a relatively immature wine market compared to New Zealand and Australia, with consumption at 10 litres per capita in the US versus 20 litres per capita in Australasia. They love New Zealand Sauvignon Blanc and this represents a real opportunity for Jim and his team.

After four years of flat earnings growth, **Port of Tauranga** delivered 9% earnings growth at its interim result. Ongoing gains in container volumes and a recovery in log exports were the key drivers.

TradeMe is also now getting earnings traction from its deliberate strategy of investing back into the business after years of under-investment. Most importantly, revenue is now growing faster than costs after several years of the opposite.

Michael Hill was the best performing stock in our portfolio last year, up 63%. This was primarily driven by its listing on the ASX which broadened its shareholder base.



Sam Dickie,
Senior Portfolio
Manager

Over the period, **Restaurant Brands** appears to have entered a higher growth phase. It successfully acquired 42 KFC stores in Australia at a competitive price. Promisingly, the vendor not only took Restaurant Brand shares as payment but has also bought shares subsequently and is now the largest individual shareholder and has a seat on the board, under-scoring his excitement about Restaurant Brands growth aspirations. The acquisition of the Taco Bell franchise for Hawaii looks very similar to the set-up KFC had in New Zealand prior to the very successful store renovation programme. Restaurant Brands is the sole owner of the Taco Bell franchise in Hawaii and the Taco Bell stores are due a revitalising make-over. We think Taco Bell same store sales growth will get a significant boost in Hawaii after the make-overs.

A number of our portfolio companies experienced various distractions and headwinds throughout the year in the form of takeover offers, potential regulatory risk and litigation.

Abano Healthcare was the subject of a partial takeover offer from Healthcare Partners during the period at \$10.16 equivalent. Given the independent adviser's valuation range was \$9.95 to \$11.96, we did not participate in the offer and take-up of the offer was minimal at less than 3%.



Carmel Fisher,
Director

Auckland International Airport continues to benefit from the continued strength in tourism and migration. Auckland Airport faced a potential regulatory headwind during the year in the form of a determination by the Commerce Commission regarding return on investment flexibility for the airports sector in New Zealand. The outcome was positive for Auckland Airport with the Commerce Commission determining that target return on investment can differ from weighted average cost of capital and the onus is on airports to give context to justify this flexibility. At the start of June aeronautical pricing (landing fee charges) was set, which combined with the Commerce Commission determination, helps to mitigate regulatory uncertainty for the next five years.

During the period, **Fisher & Paykel Healthcare** was hit by a triple whammy in October and November — a weak New Zealand stock market; Trump's rhetoric around taxing Mexican imports; and a competitor, Resmed, launching litigation against Fisher & Paykel. We took advantage of this weakness and added to our position (at one stage the stock was down 25% from its peak). Once the dust settled, the stock rebounded as the market realised that even in the worst case (and unlikely) scenario that the US implemented punitive taxes on all Mexican products, the New Zealand manufacturing facility could supply the US and the Mexican facility could supply the rest of the world, meaning the impact to earnings would be negligible. The Resmed litigation rumbles on but when a stock is growing earnings at around 20% per annum, it is difficult for the share price to stand-still.

Infratil's share-price performance was disappointing last year and it was the second biggest drag on Kingfish performance. Infratil was dogged by issues with several of its portfolio companies — Trustpower and Perth Energy both struggled on the back of strong retail competition both in New Zealand and Australia respectively, delays in Retire Australia's development pipeline and contract losses by NZ Bus. During the year Infratil continued to reallocate its balance sheet capacity, including investing in three new opportunities, Canberra Data Centres, ANU Student Accommodation and Longroad, to develop utility scale renewables in the US. Infratil was already reasonably cashed up previously and then subsequent to Kingfish balance date it sold its 19.9% stake in Metlifecare. History suggests that Infratil does not remain under-geared for long, so we expect it to acquire new assets or deploy capital into existing assets in its target markets in Australasia.

Ryman Healthcare's share price was up only slightly over the period, making it one of the poorer performers in our portfolio. We lowered our exposure during the financial year given our concerns around its leverage to house price inflation. The stock price (as distinct from the company) has been slightly hindered by its own success — given its size, development growth as a percentage of its existing asset base has been limited, relative to some of the smaller

players like Summerset. Summerset's stronger development growth prospect saw it outperform Ryman by more than 15% and significantly outperform the market.

On a personal note, we want to pay tribute to Simon Challies, Ryman's Managing Director who announced he would be standing down on June 30 for health reasons. Simon was diagnosed with Parkinson's disease in 2011 but has continued in the CEO role since then with the full support of the board. Simon is a CEO who we admire, respect and have very much enjoyed working with over the years. He has been a passionate, honest, good humoured and dedicated CEO. Gordon MacLeod, Ryman's Deputy Chief Executive and CFO, will take over as Chief Executive on June 30.

Outlook:

While last year was about global elections, Brexit and a pick-up in global growth, this year we face the New Zealand general election in September.

New Zealand GDP growth is expected to fall from the above trend rate of 2015 and 2016 to 3% which is in line with 30 year averages. In 2018 it is expected to slip slightly further to 2.8% but still broadly in line with the average. To us this indicates that economists are currently sitting on the fence and waiting to see the result of the New Zealand general election, and also whether the turn in the interest rate cycle last year is going to be meaningful. In any case, while New Zealand's economic growth is potentially slowing towards trend from above trend, the growth trajectory remains solidly supportive of company earnings.

A more unique challenge for New Zealand companies on the horizon is the entry of Amazon into the Australian market. Amazon is likely to be able to fulfil orders into main New Zealand cities overnight. It is also possible that Amazon may set-up a New Zealand fulfilment centre in the future which would likely create disruption for the bricks and mortar retailing, online retailing, freight, and multiple other industries in New Zealand.

Every year presents challenges and opportunities and our response to changing global and local dynamics and investor preferences is straightforward — we will continue to invest in high quality growth companies with high quality management and sustainable competitive advantages.



Sam Dickie / Senior Portfolio Manager
Fisher Funds Management Limited
 13 June 2017

Portfolio Holdings Summary as at 31 March 2017

Listed Companies	% Holding
Abano Healthcare	3.0%
Auckland International Airport	3.7%
Delegat Group	3.2%
EBOS Group	5.6%
Fisher & Paykel Healthcare	11.5%
Freightways	9.0%
Infratil	7.4%
Mainfreight	13.0%
Meridian Energy	3.9%
Michael Hill International	3.3%
Port of Tauranga	4.4%
Restaurant Brands	4.7%
Ryman Healthcare	9.4%
Summerset	4.6%
Tegel Group	1.9%
Trade Me	3.0%
Vista Group	3.3%
Z Energy	1.7%
Non-listed Company	
Waterman Holdings	0.0%
Equity Total	96.6%
New Zealand dollar cash	3.4%
TOTAL	100.0%

The Kingfish Portfolio Stocks

The following is a brief introduction to each of your portfolio companies, with a description of why we believe they deserve a position in the Kingfish portfolio. Total shareholder return is for the year to 31 March 2017 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 31 March 2017.



What does it do?

Abano Healthcare is now predominantly an active investor in dental practices in Australasia. It owns more than 200 dental practices making it one of the largest Australasian dental groups.

Why do we own it?

We are attracted to Abano's strategy of growing a well-resourced Australasian dental network, focusing on private revenue streams. In particular, we like its goal of achieving a 10% share of the Australasian dental market over the next 10 years, suggesting it has many years of growth ahead of it.

Total Shareholder Return

+26%



What does it do?

Auckland International Airport (AIA) owns and operates New Zealand's major gateway as well as 1500 hectares of land surrounding the airport. AIA operates under a 'dual till' regulatory regime, meaning that the company's aeronautical operations are subject to rate of return regulation, whereas the other non-aeronautical operations are unregulated. Over 50% of AIA's revenue is derived from non-aeronautical operations, such as retail, parking, hotel accommodation and property rental.

Why do we own it?

AIA is well-positioned to benefit from New Zealand's positive long-term tourism outlook, particularly tourists from China. With aspirations for 40 million total passengers per annum by 2044, combined with a strengthening consumer business and leveraging its land bank, AIA's non-aeronautical operations are expected to continue to deliver attractive returns on invested capital into the future.

Total Shareholder Return

+9%



What does it do?

Delegat Group produces and distributes super-premium wine internationally under the Oyster Bay brand. Oyster Bay is the number one selling New Zealand wine brand in the UK, Australia and Canada, and is growing quickly in the US. The company operates a vineyard in the Barossa Valley which broadens its wine portfolio.

Why do we own it?

Delegat continues to grow its profits annually despite currency fluctuations. The company is investing for growth by expanding its winery capacity and increasing vineyard plantings to meet its goal of achieving 7.5% per annum growth in case sales over the next five years. The majority of the growth is likely to be driven by the still relatively immature US market.

Total Shareholder Return

+16%



What does it do?

EBOS Group is Australasia's largest diversified pharmaceutical and medical care products group, focusing on wholesaling, logistics, sales and marketing of medical products. The company typically has a number 1 or number 2 market position in each market segment it operates in. EBOS also operates in the animal care sector as a veterinary wholesaler, distributor and retailer of animal healthcare products, pet accessories and premium foods across Australasia.

Why do we own it?

EBOS' scale and market position means that it is a low-cost operator right across the medical care supply chain segments it operates in. The sector has a tailwind from ageing demographics and the increasing prevalence of chronic diseases. Its animal care operations are complementary and scalable.

Total Shareholder Return

+10%



What does it do?

Fisher & Paykel Healthcare is a leading designer, manufacturer and distributor of innovative medical devices for patients who require acute respiratory and obstructive sleep apnoea care. Over 95% of its products are sold outside New Zealand from dedicated manufacturing facilities in Auckland and Mexico.

Why do we own it?

We are attracted to the latent demand for Fisher & Paykel's innovative care products as the worldwide population ages and the incidence of chronic respiratory diseases and obesity rises. Through its own research and development, Fisher & Paykel has continued to develop products that significantly expand its potential patient base, while maintaining high returns on invested capital.

Total Shareholder Return

+2%



What does it do?

Freightways operates nationwide express package and business mail operations with brands including NZ Couriers, Post Haste and DX Mail. The company has also developed an information management business on both sides of the Tasman encompassing document and data storage and document destruction.

Why do we own it?

Freightways is one of two dominant players in the New Zealand courier market and its information management business has a footprint across Australasia. The company has an impressive track record of value-accretive acquisitions that leverage off its existing infrastructure. Earnings have been resilient in times of recession, and are growing at least as strongly as the domestic economy in more buoyant times.

Total Shareholder Return

+25%

Kingfish Portfolio Stocks continued



What does it do?

Infratil invests in a diverse range of infrastructure businesses encompassing renewable energy, air and road transport, aged care, and more recently, data centres with a focus on co-investment within Australasia. It is externally managed by an experienced management team.

Why do we own it?

We are attracted to Infratil's portfolio of infrastructure assets that are not easily replicable. Infratil's goal of a 20% per annum after tax return to shareholders over the medium term meets our expectations and its track record since listing has been strong.

Total Shareholder Return

-5%



What does it do?

Mainfreight is a global supply chain logistics company. It is a specialist freight forwarder and distributor, with interests spanning managed warehousing, transportation of hazardous substances, international freight, full truckload and less than container load freight. Its operations span New Zealand, Australia, US, Asia and Europe.

Why do we own it?

Mainfreight is a very well-run company with a special team culture. It continues to open new trade lanes as it spreads its logistics footprint ever wider. Growth will come organically and through judicious acquisitions as it works towards its goal of becoming a global logistics provider.

Total Shareholder Return

+47%



What does it do?

Meridian Energy is New Zealand's largest electricity generator, producing approximately 30% of the country's electricity in an average year, sourced 100% from renewable hydro and wind resources. The company also has a dominant retail business, operating under the Meridian and Powershop brands.

Why do we own it?

Meridian is a well-run company with a portfolio of long-dated quality renewable generation assets which provide Meridian with the advantage of being amongst the lowest cost marginal electricity producers. Meridian is favourably positioned over the long-term to benefit from key sector event risks and is generating increasing free-cashflows given its decreasing capital expenditure requirements.

Total Shareholder Return

+16%



What does it do?

Michael Hill International is a specialist jewellery retailer, manufacturing most of its own diamond jewellery. The company operates stores in New Zealand, Australia, Canada and the US.

Why do we own it?

Michael Hill's Australasian business has continued to perform solidly through its policy of controlled profitable growth no matter the economic backdrop. Its Canadian business is rapidly taking market share as competitors fall by the wayside. Michael Hill remains ahead of its competitors in embracing the opportunity/threat presented by online retailing.

Total Shareholder Return

+63%



What does it do?

Port of Tauranga is the natural gateway to and from international markets for many of New Zealand's major businesses. It is in close proximity to many important exporters in the forestry, dairy, meat and fruit industries. Its investment in port facilities in Timaru and an inland port near Christchurch opens up the South Island hinterland for exports to be hubbed out of Tauranga.

Why do we own it?

Port of Tauranga continues to grow in importance as a leading shipping port in New Zealand for both exports and imports. It has many natural advantages, including excellent access for road and rail, large land holdings and, more recently, a deep harbour for bigger ships to call. It has an important strategic 10-year agreement with Kotahi which underwrites its investment in Primeport Timaru and its Metroport near Christchurch.

Total Shareholder Return

+20%



What does it do?

Restaurant Brands has exclusive franchise agreements for international fast-food brands in New Zealand including KFC, Pizza Hut, Starbucks and Carl's Jr. More recently, it has begun an offshore expansion with the purchase of 42 KFC stores in New South Wales, and also 37 Taco Bell stores and 45 Pizza Hut stores primarily in Hawaii. KFC is the predominant earner for the group, representing over 80% of operating earnings.

Why do we own it?

Restaurant Brands has a long history of achieving attractive returns on invested capital and has successfully delivered increasing same store sales and margins in its KFC division (including in Australia), while changes in strategy have improved profitability of Pizza Hut and Starbucks. Restaurant Brands is in the middle of a growth phase via its offshore expansion.

Total Shareholder Return

+21%



What does it do?

Ryman Healthcare was formed in 1984 to develop, construct and operate retirement villages in New Zealand. It now has 30 retirement villages around New Zealand and is in the early stages of replicating its model in Melbourne, having successfully opened its first village and is in the process of developing its second. Ryman is the largest owner and developer of retirement villages in New Zealand.

Why do we own it?

Ryman has stuck to its winning formula since inception. Industry dynamics are attractive, and Ryman continues to lift its build rate of units and beds to meet latent demand from an ageing population. Melbourne represents an area of considerable upside with a similar ageing demographic to that in New Zealand. It plans to have five retirement villages open in Melbourne by 2020, and plans to ultimately build at the same rate there as in New Zealand.

Total Shareholder Return

+3%



What does it do?

Summerset is an integrated retirement village builder, owner and operator. The company has over 20 retirement villages around New Zealand and is the second largest developer and the third largest owner of retirement villages in New Zealand.

Why do we own it?

Summerset successfully operates a continuum of care model with aged care integrated into its villages. Summerset has consistently lifted its build rate of new units and beds, whilst expanding its development margin. This indicates that it is executing its business model well, and has a large land bank to continue the roll-out of its sought-after villages.

Total Shareholder Return

+18%



What does it do?

Trade Me is a leading online business with market leading positions across a broad range of categories. It has become New Zealand's leading general retail trading and auction internet platform, and has leveraged its brand into market leading 'vertical' positions in motors, property and jobs.

Why do we own it?

Trade Me is asset-light, with modest working capital and capital expenditure requirements. Consequently, there is a high conversion of profits into free cash flow. Although it has many competitors, its 'moat' is a combination of its market position, brand, infrastructure platform, diverse revenue streams and service culture. It has started to see decent earnings momentum after investing in the business for three years.

Total Shareholder Return

+22%



What does it do?

Vista Group is an innovative and profitable IT company providing sophisticated software to cinema exhibitors. It has a 38% worldwide market share with clients in around 80 countries. Its integrated software systems allow cinema exhibitors to run wide-ranging functions such as ticketing, food and beverage sales and re-ordering, staff and film scheduling, loyalty schemes, digital signage as well as external customer interfaces like websites, mobile apps and call centres.

Why do we own it?

We are attracted to Vista's profitable core business of providing sophisticated software to cinema operators of all sizes. We believe that this business has many years of growth ahead of it, particularly in undeveloped countries. Additionally, it has developed adjacent data analytics businesses which have exciting growth prospects albeit that these are fledgling businesses at this stage.

Total Shareholder Return

+14%



What does it do?

Z Energy acquired Chevron New Zealand (Caltex) in 2016 and now has around a 45% share of New Zealand's transport fuel market. The group has over 300 petrol stations, over 150 truck stops and a network of storage terminals. Z Energy will keep the Caltex brand and operations separate to its own.

Why do we own it?

Z Energy is very well managed. Management have done a good job of extracting value from the combined group. Z Energy is investing in alternate biofuels and electric charging stations to mitigate the effect of being 'disrupted' in the medium to long term.

Total Shareholder Return

+7%

Tegel

The Kingfish portfolio also held shares in Tegel as at 31 March 2017, however as discussed in the Manager's Report on page 11, this position has now been exited due to a change in investment thesis.

Waterman Holdings

The Kingfish portfolio first invested into Waterman in October 2007. Waterman acquired and operated established unlisted medium-sized businesses. Waterman is now in the process of winding itself up and the Kingfish portfolio is expected to receive a final distribution from Waterman in August 2017.

**Purchased during the year.*



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

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 Barramundi, Marlin Global, Christchurch Casinos, Metlifecare and Lewis Road Creamery. He is also Chair of Evolve Education Group, as well as a member of the New Zealand Racing Board. Alistair had a 16-year career with SKYCITY Entertainment Group Limited (from pre-opening and pre-listing in 1996 through 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 member of Chartered Accountants Australia and New Zealand and the New Zealand Institute of Company Secretaries. Alistair's principal place of residence is Auckland.

Alistair was first appointed to the Kingfish board on 10 February 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 Barramundi, Marlin Global, Tower Investments and New Zealand Trade & Enterprise. Carmel's principal place of residence is Auckland and she can be contacted at Kingfish's registered office.

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

Carol Campbell BCom, CA

Chair of Audit and Risk Committee

Independent Director

Carol Campbell is a chartered accountant and a member of the 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 NPT (where she is Chair of Audit and Risk), T&G Global, New Zealand Post, NZME, Barramundi and Marlin Global. She is also a director of Kiwibank and Chair of Ronald McDonald House Charities in New Zealand. Carol was a director of The Business Advisory Group for 11 years, a chartered accountancy practice, 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 Kingfish board on 5 June 2012.

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 Barramundi, Marlin Global, Briscoe Group, Coupe Consulting and Gentrack Group. He is also Chair of Farmright, Solid Energy New Zealand, 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 Kingfish board on 1 March 2013.

Corporate Governance Statement

For the year ended 31 March 2017

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Role of the Board

The Board of Directors ("the Board") of Kingfish Limited ("Kingfish") is elected by the shareholders to oversee the management of Kingfish. The day-to-day management responsibilities of Kingfish have been delegated to Fisher Funds Management Limited.

The Board's Charter defines the respective functions and responsibilities of the Board, focusing on the values, principles and practices that provide the corporate governance framework. The Board is responsible for the direction and control of Kingfish and is accountable to shareholders and others for Kingfish's performance and its compliance with the appropriate laws and standards. The Board is committed to strong corporate governance practices and believes that such practices encourage the creation of value for Kingfish shareholders, while ensuring the highest standards of ethical conduct and providing accountability and control systems commensurate with the risks involved.

The Board is committed to undertaking its role in accordance with the best practice recommendations for listed companies to the extent that it is appropriate to the nature of the Kingfish operations. Kingfish's corporate governance practices do not materially differ from the NZX Corporate Governance Best Practice Code ("NZX Code"). Kingfish's corporate governance practices have also been prepared with reference to the Financial Markets Authority's Corporate Governance Principles and Guidelines.

Kingfish's constitution and each of the charters, codes and policies referred to in this Corporate Governance section are available on the Kingfish Policies section of the Kingfish website — www.kingfish.co.nz/about-kingfish/kingfish-policies.

Board Membership

The number of the directors is determined by the Board in accordance with Kingfish's constitution. The Board currently comprises three independent directors including the Chair and one director who is not deemed to be independent. The Board elects a Chair whose primary responsibility is the efficient functioning of the Board. During the year under review the Board met eight times.

Attendance at Board meetings was as follows:

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

Profiles of the individual directors can be found on page 20.

Director Independence

In judging whether a director is independent, the Board has regard to the independence guidelines set out in the Board Charter and the NZX Main Board/Debt Market Listing Rules. On appointment, each director is required to provide information to the Board to assess and confirm their independence as part of their consent to act as a director. Directors also confirm their independence annually. Directors have undertaken to inform the Board as soon as practicable if they think their status as an independent director has or may change.

The Board has determined that Alistair Ryan (Chair), Carol Campbell and Andy Coupe are independent directors in terms of the NZX definition. Carmel Fisher is not considered an independent director due to her directorship of Kingfish's Manager, Fisher Funds.

Retirement and Re-election of Directors

In accordance with Kingfish's constitution, one third, or the number nearest to one third, of the directors (excluding any director appointed since the previous annual meeting) retires by rotation at each annual meeting. The directors to retire are those who have been longest in office since their last election. Directors retiring by rotation may, if eligible, stand for re-election.

Diversity Policy

In 2013, the Board established a Diversity Policy under the oversight of the Remuneration and Nominations Committee. 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 while retaining Board responsibility. The Kingfish Diversity Policy is limited to the Board and the Corporate Management team.

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.

Corporate Governance Statement continued

The gender composition was as follows:

	31 March 2017		31 March 2016	
	Female	Male	Female	Male
Directors	2	2	2	2
Corporate Management team	3	1	3	1

The Board believes that Kingfish has achieved the objectives set out in its Diversity Policy for the year ended 31 March 2017.

Board Performance

The Board conducts a formal review of its performance annually. Appropriate strategies for improvement are agreed and actioned.

Directors' Remuneration

The fees payable to independent directors are determined by the Board within the aggregate amount approved by shareholders. The current directors' fee pool limit of \$105,000 was approved by shareholder resolution at the 2015 ASM. Prior to the 2015 ASM, the directors' fee pool limit was \$100,000, approved by shareholders' written resolution in 2004. Any GST is in addition to this approved limit. An increase to the directors' fee pool from \$105,000 to \$125,000 is being proposed to shareholders at the 2017 ASM.

Independent directors' fees are determined by the Board on the recommendation of the Remuneration and Nominations Committee. 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.

Details of remuneration paid to directors are disclosed in note 1 to the financial statements and are further disclosed in the Statutory Information section of this report. Carmel Fisher does not earn a director's fee.

Directors' Shareholding — Share Purchase Plan

A Share Purchase Plan was introduced by the Board in 2012 and states that all independent directors will receive Kingfish shares (bought on market) in lieu of 10% of their annual pre-tax directors' fees. Once an individual shareholding reaches 50,000 shares, the independent director can elect whether to continue with the plan. The intention of the Share Purchase Plan is to further align the interests of directors with those of shareholders.

Audit and Risk Committee

The Audit and Risk Committee focuses on audit and risk management and specifically addresses responsibilities relative to financial reporting and regulatory conformance. The Audit and Risk Committee operates within the terms of reference set out in the Audit and Risk Committee Charter which was established by the Kingfish Board. The Audit and Risk Committee Charter is reviewed by the Audit and Risk Committee and Board annually. The Audit and Risk Committee reports its relevant proceedings to the Board.

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. Accordingly, it monitors developments in the areas of audit, and threats to audit independence, to ensure its policies and practices are consistent with emerging best practice in these areas. The Audit and Risk Committee also recommends to the Board which services, other than the statutory audit, may be provided by PricewaterhouseCoopers as auditor. A statement regarding the independence of the current auditors, PricewaterhouseCoopers, is included in their Auditor's Report.

During the year, the Audit and Risk Committee held private sessions with the auditor. The auditor has a clear line of direct communication at any time with either the Chair of the Audit and Risk Committee or the Chair of the Board, both of whom are independent directors.

The Audit and Risk Committee relies on information provided by management and the external auditor. Management determines and makes representations to the Board that Kingfish's financial statements and disclosures are complete and accurate. The external auditor has the duty to plan and conduct audits.

As at 31 March 2017, the Audit and Risk Committee comprised independent directors Carol Campbell (Chair), Alistair Ryan and Andy Coupe, all of whom have appropriate financial experience and an understanding of the industry in which Kingfish operates. Meetings are held not less than twice a year, having regard to Kingfish's reporting and audit cycle. During the year under review the Audit and Risk Committee met twice.

Audit and Risk Committee Members	Number of meetings attended
Carol Campbell (Chair)	2
Alistair Ryan	2
Andy Coupe	2

The Audit and Risk Committee may have in attendance members of management, a representative from the Manager, and such other persons including the external auditor, as it considers necessary to provide appropriate information and explanations.

Engagement of the External Auditor

Kingfish's current external auditor is PricewaterhouseCoopers, who was appointed by shareholders at the 2005 annual meeting in accordance with the provisions of the Companies Act 1993 ("the Act"). PricewaterhouseCoopers is automatically reappointed as auditor under Part 11, Section 207T of the Act.

PricewaterhouseCoopers, as external auditor of the 2017 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 Kingfish and the independence of the auditor in relation to the conduct of the audit.

Investment Committee

The Investment Committee comprises all Board members and meets at least twice per year. The Investment Committee Charter sets out the objective of the Investment Committee which is to oversee the investment management of Kingfish to ensure the portfolio is managed in accordance with the investment mandate and with the long-term performance objectives of Kingfish. During the year under review the Investment Committee met twice.

Investment Committee Members	Number of meetings attended
Andy Coupe (Chair)	2
Alistair Ryan	2
Carmel Fisher	2
Carol Campbell	2

Remuneration and Nominations Committee

The Remuneration and Nominations Committee comprises all Board members and meets at least once per year. 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 reports its relevant proceedings to the Board. During the year under review the Remuneration and Nominations Committee met once.

Remuneration & Nominations Committee Members	Number of meetings attended
Alistair Ryan (Chair)	1
Carmel Fisher	1
Carol Campbell	1
Andy Coupe	1

The Remuneration and Nominations Committee assess the collective performance of the Board. The Chair also has discussions with directors on individual performance.

Code of Ethics & Standards of Professional Conduct

Kingfish has adopted policies of business conduct that provide all directors and representatives with clear guidance on those standards.

The Code of Ethics details the ethical and professional behavioural standards required of the directors and officers. The code also provides the means for proactively addressing and resolving potential ethical issues.

The Conflicts of Interests Policy details the process to be adopted for identifying conflicts of interests and the actions that should be taken.

The Insider Trading Policy details the procedure whereby persons nominated by Kingfish (its directors and persons associated with the Manager) may trade in Kingfish shares and take up shares purchased under the Kingfish dividend reinvestment plan. Nominated persons, with the permission of the Board of Kingfish, may trade in Kingfish shares only during the trading window commencing immediately after Kingfish'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 Kingfish shares when they have price sensitive information that is not publicly available.

No breaches of ethics principles were identified during the year.

Risk Management and Compliance

Under the Risk Management Policy, the Board has overall responsibility for Kingfish's system of risk management and internal control. Kingfish has in place policies and procedures to identify areas of significant business risk and implement procedures to manage those risks effectively. Key risk management tools used by Kingfish include the Audit and Risk Committee function, outsourcing of certain functions to service providers, internal controls, financial and compliance reporting procedures and processes, business continuity planning and insurance.

Corporate Governance Statement continued

In addition to Kingfish's policies and procedures in place to manage business risks, the Manager has its own comprehensive risk management policy. The Board is informed of any changes to the Manager's policy.

Disclosure, Shareholder and other Stakeholder Communications

The Board recognises the importance of providing to shareholders comprehensive, timely and equal access to information about its activities. The Board aims to ensure that shareholders have available to them all information necessary to assess Kingfish's performance. It has a system in place for canvassing shareholder views and for communicating the Board's views to shareholders.

Alongside periodic and continuous disclosure to NZX, Kingfish maintains a website www.kingfish.co.nz where the most recent net asset value, which is released to the NZX on a weekly basis and at the end of each month, is made available. Corporate governance policies, shareholder reports, monthly updates, market announcements, copies of ASM minutes, presentations, press releases, news articles and performance data are also made available.

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

The release of the annual report is followed by the annual meeting which the Board recognises as an important forum at which shareholders can meet and hear from the Board and the Manager. The notice of meeting is circulated at least 10 days prior to the meeting and is also posted on Kingfish's website. Shareholders are provided with notes on any resolutions proposed through the notice of meeting each year. This year's meeting will be held on 28 July 2017, 10:30am 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.

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

Continuous Disclosure

Kingfish is committed to promoting investor confidence by providing complete and equal access to information in accordance with the NZX Listing Rules. Kingfish 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.

Financial Reporting

The Audit and Risk Committee oversees the quality and integrity of external financial reporting including the accuracy, completeness and timeliness of financial statements.

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.

Financial information released is approved by the Board on the recommendation of the Audit and Risk Committee.

Management Agreement Renewal

The Management Agreement between Kingfish and Fisher Funds is subject to renewal every five years. The last renewal of the Management Agreement was in 2014.

NZX Waivers

Kingfish Limited outsources all investment management functions and administration services to its Manager (Fisher Funds) under the Management Agreement entered into when Kingfish first listed. The Management Agreement has been amended to reflect the evolving relationship between Kingfish and Fisher Funds, with such amendments being largely administrative. Since December 2014, administration services previously provided for in the Management Agreement have been recorded in a separate Administration Services Agreement. The rationale for this change was to create efficiencies for Kingfish across staff utilisation and costs. There was no substantive change to the nature or scope of services or the actual costs payable.

Kingfish was granted a waiver by NZX Regulation on 30 May 2017 from NZX Main Board Listing Rule 9.2.1 so that it is not required to obtain shareholder approval for the entry into the Administration Services Agreement and the amendments to the Management Agreement. The waiver is provided on the conditions specified in paragraph 2 of the waiver decision, which is available on Kingfish's website: <http://www.kingfish.co.nz/investor-centre/market-announcements/>.

Directors' Statement of Responsibility

For the year ended 31 March 2017

We present the financial statements for Kingfish Limited for the year ended 31 March 2017.

We have ensured that the financial statements for Kingfish Limited present fairly the financial position of the Company as at 31 March 2017 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 Kingfish Board authorised these financial statements for issue on 16 May 2017.



Alistair Ryan



Carmel Fisher



Carol Campbell



Andy Coupe

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Statement of Comprehensive Income

For the year ended 31 March 2017

	Notes	2017 \$000	2016 \$000
Interest income		177	391
Dividend income		6,609	5,705
Net changes in fair value of investments	1(i)	20,644	21,337
Total net income		27,430	27,433
Operating expenses	1(ii)	5,006	4,867
Operating profit before tax		22,424	22,566
Total tax expense	3(i)	29	22
Net operating profit after tax attributable to shareholders		22,395	22,544
Other comprehensive (loss)/income			
<i>Items that may be reclassified to profit or loss:</i>			
Change in fair value of available-for-sale financial assets		0	20
<i>Items that will not be reclassified to profit or loss:</i>			
Impairment of available-for-sale financial asset		(289)	0
Total comprehensive income after tax attributable to shareholders		22,106	22,564

Earnings per share

Basic earnings per share

Profit attributable to owners of the company (\$'000)	22,395	22,544
Weighted average number of ordinary shares on issue net of treasury stock ('000)	154,447	134,921
Basic earnings per share	14.50c	16.71c

Diluted earnings per share

Profit attributable to owners of the company (\$'000)	22,395	22,544
Weighted average number of ordinary shares on issue net of treasury stock ('000)	154,447	134,921
Diluted effect of warrants on issue ('000)	3,749	1,816
Ordinary shares to be issued under performance fee arrangement ('000)	333	443
	158,529	137,180
Diluted earnings per share	14.13c	16.43c

The Statement of Accounting Policies set out on pages 31 to 34 and the Notes to the Financial Statements set out on pages 35 to 43 should be read in conjunction with this Statement of Comprehensive Income.

KINGFISH LIMITED

Statement of Changes in Equity

For the year ended 31 March 2017					
Notes	Attributable to shareholders of the company				
	Share Capital \$000	Available-for-Sale Reserve \$000	Performance Fee Reserve \$000	Retained Earnings \$000	Total Equity \$000
Balance at 31 March 2015	123,821	269	0	41,756	165,846
Comprehensive income					
Profit for the year	0	0	0	22,544	22,544
Other comprehensive income	0	20	0	0	20
Total comprehensive income for the year ended 31 March 2016	0	20	0	22,544	22,564
Transactions with owners					
Warrants exercised	2 28,330	0	0	0	28,330
Manager's performance fee to be settled with ordinary shares	0	0	607	0	607
Dividends paid	2 0	0	0	(14,535)	(14,535)
Dividends reinvested	2 5,540	0	0	0	5,540
Total transactions with owners the year ended 31 March 2016	33,870	0	607	(14,535)	19,942
Balance at 31 March 2016	157,691	289	607	49,765	208,352
Comprehensive income					
Profit for the year	0	0	0	22,395	22,395
Other comprehensive loss	0	(289)	0	0	(289)
Total comprehensive income for the year ended 31 March 2017	0	(289)	0	22,395	22,106
Transactions with owners					
Prior year Manager's performance fee settled with ordinary shares	2 603	0	(607)	0	(4)
Manager's performance fee to be settled with ordinary shares	9 0	0	417	0	417
Warrant issue costs	2 (17)	0	0	0	(17)
Dividends paid	2 0	0	0	(17,236)	(17,236)
Dividends reinvested	2 6,452	0	0	0	6,452
Total transactions with owners for the year ended 31 March 2017	7,038	0	(190)	(17,236)	(10,388)
Balance at 31 March 2017	164,729	0	417	54,924	220,070

The Statement of Accounting Policies set out on pages 31 to 34 and the Notes to the Financial Statements set out on pages 35 to 43 should be read in conjunction with this Statement of Changes in Equity.

KINGFISH LIMITED

Statement of Financial Position**As at 31 March 2017**

	Notes	2017 \$000	2016 \$000
ASSETS			
Current Assets			
Cash and cash equivalents		2,604	13,734
Trade and other receivables	4	5,090	1,554
Investments at fair value through profit or loss	6	213,334	193,524
Current tax receivable	3(ii)	10	1
Total Current Assets		221,038	208,813
Non-current Assets			
Available-for-sale financial assets	7(i)	91	735
Total Non-current Assets		91	735
TOTAL ASSETS		221,129	209,548
LIABILITIES			
Current Liabilities			
Trade and other payables	5	1,059	1,196
Total Current Liabilities		1,059	1,196
TOTAL LIABILITIES		1,059	1,196
EQUITY			
Share capital	2	164,729	157,691
Available-for-sale reserve	7(iii)	0	289
Performance fee reserve	9	417	607
Retained earnings		54,924	49,765
TOTAL EQUITY		220,070	208,352
TOTAL EQUITY AND LIABILITIES		221,129	209,548

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



A B Ryan / Chair
16 May 2017



C A Campbell / Chair of the Audit and Risk Committee
16 May 2017

The Statement of Accounting Policies set out on pages 31 to 34 and the Notes to the Financial Statements set out on pages 35 to 43 should be read in conjunction with this Statement of Financial Position.

KINGFISH LIMITED

Statement of Cash Flows

For the year ended 31 March 2017

	Notes	2017 \$000	2016 \$000
Operating Activities			
<i>Cash was provided from:</i>			
- Sale of investments		25,746	27,250
- Interest received		177	391
- Dividends received		6,658	5,414
<i>Cash was applied to:</i>			
- Purchase of investments		(28,148)	(45,991)
- Operating expenses		(4,724)	(3,440)
- Taxes paid		(38)	(16)
Net cash outflows from operating activities	8	(329)	(16,392)
Financing Activities			
<i>Cash was provided from:</i>			
- Proceeds from warrants exercised		0	28,330
<i>Cash was applied to:</i>			
- Warrant issue costs		(17)	0
- Dividends paid (net of dividends reinvested)		(10,784)	(8,995)
Net cash (outflows)/inflows from financing activities		(10,801)	19,335
Net (decrease)/increase in cash and cash equivalents held		(11,130)	2,943
Cash and cash equivalents at beginning of the year		13,734	10,791
Cash and cash equivalents at end of the year		2,604	13,734

All cash balances comprise short-term cash deposits.

The Statement of Accounting Policies set out on pages 31 to 34 and the Notes to the Financial Statements set out on pages 35 to 43 should be read in conjunction with this Statement of Cash Flows.

Statement of Accounting Policies

For the year ended 31 March 2017

GENERAL INFORMATION

Entity Reporting

The financial statements for Kingfish Limited ("Kingfish" or "the Company") have been prepared in accordance with the requirements of part 7 of the Financial Markets Conduct Act 2013 and the NZX Main Board listing rules.

Legal Form and Domicile

Kingfish is incorporated and domiciled in New Zealand.

The company is a limited liability company, incorporated under the Companies Act 1993 on 30 January 2004.

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 31 March 2004.

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

Authorisation of Financial Statements

The Kingfish Board of Directors authorised these financial statements for issue on 16 May 2017.

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 31 March 2017.

Statement of Compliance

The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP"). They comply with the New Zealand equivalent 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 31 March 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 or loss, fair value through other comprehensive income or amortised cost. Based on the Company's initial assessment, this standard is not expected to have a material impact on the classification and measurement of its 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 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:

- Operating activities include all principal revenue producing activities and other events that are not financing activities.
- Financing activities are those activities that result in changes in the size and composition of the capital structure.

KINGFISH LIMITED

Statement of Accounting Policies continued**For the year ended 31 March 2017****Functional and Presentation Currency**

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

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 9 and note 12 to the financial statements.

Share-Based Payments

The consideration for any performance fee paid to Fisher Funds Management Limited ("Fisher Funds" or "the Manager") is calculated in accordance with the Management Agreement described in note 12 and comprises cash and Kingfish share capital. Performance fees, where earned by the Manager, are paid annually within 30 days of balance date, relating to the preceding period and recognised as an expense in the Statement of Comprehensive Income. The portion paid in share capital is an equity-settled share-based payment and is recognised at the fair value of half of the performance fee expense (excluding GST) as an equity reserve until the ordinary shares are issued. These shares are issued at a price equal to the audited net asset value per share at year end. The component paid in cash is treated in line with a typical operating expense.

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.

Kingfish elected into the Portfolio Investment Entity ("PIE") regime on 1 October 2007.

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. Gains 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).

Available-for-sale Financial Assets

Classification

Investments in unlisted companies are held as available-for-sale assets under NZ IAS 39.

Recognition and Measurement

All investments held as available-for-sale assets are initially recognised at fair value plus transaction costs.

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. Investments are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

Dividend income from available-for-sale assets is recognised in the Statement of Comprehensive Income when the Company's right to receive payments is established (ex-dividend date).

Available-for-sale financial assets are subsequently carried at fair value with changes in fair value being recognised in equity. Typically, there is no active market for unlisted investments and the Company establishes fair value by using valuation techniques. These may include the use of recent arm's length transactions, underlying net asset values of investments, reference to other instruments that are substantially the same or discounted cash flow analysis as appropriate.

The Company assesses at each balance date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the investment below its cost is considered in determining whether the investment is impaired.

If any such evidence exists for available-for-sale financial assets, the cumulative loss — measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss — is recognised in the Statement of Comprehensive Income. Impairment losses recognised in the Statement of Comprehensive Income on equity instruments are not reversed through the Statement of Comprehensive Income.

Fair Value

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

The fair value of investments 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. This is applied in determining the fair value of the Level 3 investment disclosed in note 7.

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.

KINGFISH LIMITED

Statement of Accounting Policies continued**For the year ended 31 March 2017****Fair Value (continued)**

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 and other receivables is equivalent to their carrying amount.

Trade and Other Payables

Trade and other payables 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.

Financial Instruments

Financial instruments carried on the Statement of Financial Position include cash and cash equivalents, equity investments, 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 Kingfish Board.

Segmental Reporting

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

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

Earnings per Share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares on issue during the year. Diluted earnings per share is calculated by dividing the 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. 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.

Comparative Information

Diluted Earnings Per Share comparative information has been restated from 14.67 to 16.43 cents per share to be consistent with the current year's calculation which includes only the dilutive effect of warrants. There has been no impact on net operating profit or on shareholders' funds as a result of these changes.

Notes to the Financial Statements

For the year ended 31 March 2017

Note 1 — Statement of Comprehensive Income	2017 \$000	2016 \$000
(i) Net changes in fair value of investments		
<i>Investments designated at fair value through profit or loss</i>		
<i>New Zealand equity investments</i>	20,663	21,337
<i>Available-for-sale financial assets</i>		
<i>Impairment of investment</i>	(19)	0
Net changes in fair value of investments	20,644	21,337
(ii) Operating Expenses		
Management fees (note 9)	3,131	2,576
Performance fees (note 9 and 12)	1,022	1,397
Administration services (note 9)	159	159
Directors' fees (note 9)	121	121
Custody and brokerage	292	360
Investor relations and communications	112	123
NZX fees	60	41
Professional fees	26	20
Fees paid to the auditor:		
- Statutory audit and review of financial statements	37	36
- Other assurance services	6	2
- Non assurance services	2	4
Other operating expenses	38	28
Total operating expenses	5,006	4,867

Other assurance services relate to a share register audit and non-assurance services relate to agreed upon procedures performed at the annual meeting and in respect of the performance fee calculation. No other fees were paid to the auditor during the year (2016: nil).

Note 2 — Share Capital	2017 \$000	2016 \$000
Opening balance	157,691	123,821
New shares issued under the dividend reinvestment plan	6,452	5,540
New shares issued for warrants exercised	0	28,330
Warrant issue costs	(17)	0
Prior year Manager's performance fee settled with ordinary shares	603	0
Closing balance	164,729	157,691

Notes to the Financial Statements continued

For the year ended 31 March 2017

Note 2 — Share Capital (continued)

Ordinary shares

As at 31 March 2017 there were 157,538,688 (31 March 2016: 152,171,194) fully paid Kingfish shares on issue. All ordinary shares are classified as equity, rank equally and have no par value. All shares carry an entitlement to dividends and one vote attached to each fully paid ordinary share.

Warrants

On 10 May 2016, 38,176,653 Kingfish warrants were allotted and listed on the NZX Main Board. One warrant was issued to all eligible shareholders for every four shares held on record date (9 May 2016). The warrants are exercisable at \$1.21 (being \$1.32 adjusted down for dividends declared during the period up to the exercise date of 5 May 2017). Warrant holders can elect to exercise some or all of their warrants on the exercise date subject to a minimum exercise of 200 warrants. The net cost of warrants is deducted from share capital. Further details of the warrant exercise and subsequent share issue are described in Note 16.

Treasury stock

On 28 October 2016, Kingfish 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.

At 31 March 2017, no ordinary shares were held as treasury stock (31 March 2016: nil).

Dividends

Kingfish has a distribution policy where 2% of average NAV is distributed each quarter. Total dividends per share for the year ended 31 March 2017 were 11.16 cents per share (31 March 2016: 10.6 cents per share). Total dividends paid for the year ended 31 March 2017, prior to any reinvestment, totalled \$17,235,821 (31 March 2016: \$14,535,236). Individual dividends paid for the year ended 31 March 2017; were 2.69 cents per share on 24 June 2016, 2.84 cents per share on 30 September 2016, 2.91 cents per share on 22 December 2016 and 2.72 cents per share on 31 March 2017.

Dividend Reinvestment Plan

Kingfish has a dividend reinvestment plan which provides ordinary shareholders with the option to reinvest all or part of any cash dividends in fully paid ordinary shares at a 3% discount. During the year ended 31 March 2017, 4,924,109 ordinary shares (2015: 4,401,027 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 Kingfish before the next record date.

Note 3 — Taxation

	2017 \$000	2016 \$000
(i) Total tax expense		
Operating profit before tax	22,424	22,566
Non-taxable realised gain on investments	(10,907)	(11,187)
Non-taxable unrealised gain on investments	(9,737)	(10,150)
Imputation credits	1,961	1,688
Other	194	263
Taxable income	3,935	3,180
Tax at 28%	1,102	891
Imputation credits	(1,961)	(1,688)
Deferred tax not recognised	888	819
Total tax expense	29	22

	2017 \$000	2016 \$000
(ii) Current tax balance		
Opening balance	1	7
Current tax expense	(29)	(22)
Tax paid	38	16
Current tax receivable	10	1

(iii) Deferred tax balance

A deferred tax asset of \$5,270,050 at 31 March 2017 (31 March 2016: \$4,382,191) has not been recognised as the tax structure of the company is unlikely to lead to the utilisation of a deferred tax asset. In accordance with NZ IAS 12, this unrecognised deferred tax asset will be reviewed annually.

(iv) Imputation credits

Imputation credits available for subsequent reporting periods total \$503,755 (2016: \$401,670). 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 31 March 2017.

Note 4 — Trade and Other Receivables	2017 \$000	2016 \$000
Dividends receivable	927	976
Unsettled investment sales	4,163	545
Other receivables	0	33
Total trade and other receivables	5,090	1,554

Trade receivables are classified as loans and receivables under NZ IAS 39. Total loans and receivables are \$7,692,710 (31 March 2016: \$15,286,292) being cash and cash equivalents plus trade and other receivables.

Note 5 — Trade and Other Payables	2017 \$000	2016 \$000
Related party payable (note 9)	886	1,054
Unsettled investment purchases	120	92
Other payables and accruals	53	50
Total trade and other payables	1,059	1,196

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

Notes to the Financial Statements continued

For the year ended 31 March 2017

Note 6 — Investments at Fair Value through Profit or Loss

	2017 \$000	2016 \$000
New Zealand listed equity investments	213,334	193,524
Total investments at fair value through profit or loss	213,334	193,524

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 quoted last sale prices from an active market (31 March 2016: all quoted using last sale prices except for one stock where the last sale price was outside the bid-ask spread and therefore the bid price was used).

All investments are classified as Level 1 in the fair value hierarchy (31 March 2016: all investments).

Note 7 — Available-for-sale Financial Assets

	2017 \$000	2016 \$000
(i) New Zealand unlisted equity investment		
Waterman Holdings Limited	91	735
Total available-for-sale investments	91	735

Available-for-sale assets are represented by Kingfish's shareholding in Waterman Holdings Limited (Waterman). These shares were originally recognised at cost then subsequently measured at fair value in accordance with NZ IAS 39.

On 1 August 2016 Waterman announced the sale of the remaining investee company, David Reid Homes, and confirmed the amount of distributions to be made within the next 12 months as a final repayment of capital. The investment in Waterman is valued at the amount expected to be received from the remaining distribution.

These financial assets are classified as Level 3 in the fair value hierarchy. There have been no transfers in or out of Level 3 during the year ended 31 March 2017 (31 March 2016: no transfers).

	Unlisted equities 2017 \$000	Unlisted equities 2016 \$000
(ii) Available-for-sale reconciliation		
Opening balance	735	715
Return of capital	(336)	0
Change in fair value of available for sale assets	0	20
Impairment of investment		
- Reclassification through Available-for-sale reserve	(289)	0
- Recognised in the Statement of Comprehensive Income	(19)	0
Closing balance	91	735
(iii) Available-for-sale reserve		
Balance at beginning of year	289	269
Change in fair value of Available-for-sale-assets	0	20
Impairment of investment	(289)	0
Closing balance	0	289

Note 8 — Reconciliation of Net Operating Profit after Tax to Net Cash Flows from Operating Activities

	2017 \$000	2016 \$000
Net operating profit after tax	22,395	22,544
<i>Items not involving cash flows:</i>		
Unrealised gains on revaluation of investments	(9,736)	(10,151)
	(9,736)	(10,151)
<i>Impact of changes in working capital items</i>		
Decrease in fees and other payables	(137)	0
(Increase)/decrease in interest, dividends and other receivables	(3,536)	43
Change in current tax	(9)	6
	(3,682)	49
<i>Items relating to investments</i>		
Amount paid for purchases of investments	(28,148)	(45,991)
Amount received from sales of investments	25,410	27,250
Return of capital	336	0
Realised gains on investments	(10,907)	(11,187)
(Increase)/decrease in unsettled purchases of investments	(28)	832
Increase/(decrease) in unsettled sales of investments	3,618	(345)
	(9,719)	(29,441)
<i>Other</i>		
Performance fee to be settled by issue of shares	417	607
Expenses in relation to prior year's performance fee settled by issue of shares	(4)	0
	413	607
Net cash outflows from operating activities	(329)	(16,392)

Note 9 — 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 Kingfish 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 31 March each year 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 31 March 2017, no management fee adjustment was necessary (31 March 2016: no adjustment). Management fees (including GST) for the year ended 31 March 2017 totalled \$3,130,561 (31 March 2016: \$2,575,864).

Notes to the Financial Statements continued

For the year ended 31 March 2017

Note 9 — Related Party Information (continued)

Kingfish is party to an Administration Services Agreement with Fisher Funds for the provision of administration services and a regular monthly fee is charged. The Manager received \$158,700 (including GST) for the year ended 31 March 2017 (31 March 2016: \$158,700).

In addition, a performance fee may be earned by the Manager if portfolio returns exceed the performance fee hurdle return of the change in NZ 90 Day Bank Bill Index plus 7% 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. A performance fee of \$1,022,408 (31 March 2016: \$1,396,642) has been earned by the Manager for the year ended 31 March 2017, refer to Note 12 and Note 16. The performance fee to be paid to the Manager of \$605,574 (31 March 2016: \$789,204) is included within payables and a performance fee reserve of \$416,834 (31 March 2016: \$607,438) for subsequent payment in shares.

There were no marketing costs incurred by Fisher Funds on behalf of Kingfish included within investor relations and communications for the year ended 31 March 2017 (31 March 2016: \$15,516).

The amount payable to Fisher Funds at 31 March 2017 in respect of management fees, performance fees to be paid in cash and administration services was \$886,140 (31 March 2016: \$1,053,744).

The Manager held shares and warrants in, and received dividends from, the Company at 31 March 2017 which total 1.51% of the total shares on issue (31 March 2016: 1.27%) and 1.56% of total warrants on issue (31 March 2016: nil).

The directors of Kingfish 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(ii) under directors' fees (only independent directors earn a director's fee). The directors also held shares and warrants in, and received dividends from, the company at 31 March 2017 which total 2.52% of total shares on issue (31 March 2016: 2.60%) and 2.59% of warrants on issue (31 March 2016: nil). The directors did not receive any other benefits which may have necessitated disclosure under NZ IAS 24.

Off-market transactions between Kingfish 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). During the year ended 31 March 2017, off-market transactions between Kingfish and other funds managed by Fisher Funds totalled \$2,513,507 for purchases and \$1,045,395 for sales (31 March 2016: purchases \$2,801,772 and sales \$1,735,470).

Note 10 — Financial Risk Management Policies

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

The Management Agreement between Kingfish and Fisher Funds details permitted investments. Financial instruments currently recognised in the financial statements also comprise cash and short-term deposits, trade and other receivables and trade and other payables.

Capital Risk Management

The Company's objective when managing capital (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 June 2009, the Company announced a long-term distribution policy paying out 2% of average net asset value each quarter which continues to apply.

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 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 and changes in the fair value of its unlisted portfolio company. The following companies individually comprise more than 10% of Kingfish's total assets at 31 March 2017: Mainfreight 13% and Fisher and Paykel Healthcare 12% (31 March 2016: Mainfreight 12%, Fisher and Paykel Healthcare 11% and Ryman Healthcare 11%).

Interest Rate Risk

Surplus cash is held in interest-bearing New Zealand bank accounts. The Company is therefore exposed to the risk of movements in local interest rates. There is no hedge against the risk of movements in interest rates.

The Company may use short-term fixed rate borrowings to fund investment opportunities. There were no borrowings at 31 March 2017 (31 March 2016: nil).

Currency Risk

The Company holds assets denominated in New Zealand dollars. It is therefore not directly exposed to currency risk. The portfolio companies that Kingfish invests in may be affected by currency risk that in turn has an impact on the market value of the underlying portfolio company.

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 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.

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 Australia 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.

For the year ended 31 March 2017

Note 11 — Sensitivity Analysis

The sensitivity of the year end result and shareholders' equity to reasonably possible changes in market conditions (based on historic trends) at 31 March is as follows:

2017: COMPANY (\$'000)		EQUITY PRICES			
	Carrying Amount	-10%		+10%	
		Profit	Equity	Profit	Equity
Investments at fair value (listed)	213,334	(21,333)	(21,333)	21,333	21,333
Available-for-sale investments (unlisted)	91	0	0	0	0

2017: COMPANY (\$'000)		INTEREST RATES			
	Carrying Amount	-1%		+1%	
		Profit	Equity	Profit	Equity
Cash and cash equivalents	2,604	(26)	(26)	26	26

2016: COMPANY (\$'000)		EQUITY PRICES			
	Carrying Amount	-10%		+10%	
		Profit	Equity	Profit	Equity
Investments at fair value (listed)	193,524	(19,352)	(19,352)	19,352	19,352
Available-for-sale investments (unlisted)	735	0	0	0	0

2016: COMPANY (\$'000)		INTEREST RATES			
	Carrying Amount	-1%		+1%	
		Profit	Equity	Profit	Equity
Cash and cash equivalents	13,734	(137)	(137)	137	137

Price Risk

A variable of 10% was selected for price risk 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 31 March 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.

Note 12 — Performance Fee

The Management Agreement with Fisher Funds provides for an annual performance fee for outperforming the performance fee hurdle 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 performance fee hurdle return which is the change in the NZ 90 Day Bank Bill Index in the period plus 7% per annum.

In accordance with the terms of the Management Agreement, half of any performance fee payable (exclusive of GST) will be applied by the Manager to subscribe for shares ranking equally in all respects with existing shares in Kingfish, issued at a price equal to the audited net asset value per share at 31 March 2017.

At 31 March 2017 the net asset value per share, before the deduction of a performance fee, of \$1.40 (31 March 2016: \$1.37) was above the high water mark net asset value per share of \$1.24 (being the highest net asset value per share at the end of the previous calculation period of 31 March 2016 adjusted for any capital changes and distributions).

Accordingly, the Company has expensed a performance fee of \$1,022,408 in its Statement of Comprehensive Income for the year to 31 March 2017 (31 March 2016: \$1,396,642).

Note 13 — Net Asset Value

The audited net asset value of Kingfish as at 31 March 2017 was \$1.40 per share (31 March 2016: \$1.37) calculated as the net assets of \$220,068,988 divided by the number of shares on issue of 157,538,688.

Note 14 — Contingent Liabilities and Unrecognised Contractual Commitments

There were no contingent liabilities or unrecognised contractual commitments as at 31 March 2017 (31 March 2016: nil).

Note 15 — Segmental Reporting

The Company operates in a single operating segment being financial investment in New Zealand.

Note 16 — Subsequent Events

- (i) On 28 April 2017, in accordance with the terms of the Management Agreement, Kingfish settled the performance fee due to Fisher Funds relating to the year ended 31 March 2017 as follows:
 1. Fisher Funds used half of the performance fee (excluding GST) to subscribe for Kingfish ordinary shares at the audited 31 March 2017 net asset value per share of \$1.40. Accordingly, Kingfish issued 333,467 ordinary shares totalling \$465,574, and
 2. The balance of \$605,574 (including GST) was paid in cash to Fisher Funds, and
 3. A post balance date adjustment of \$48,993 was made to reduce the cost of the performance fee, to recognise the difference between audited 31 March 2017 net asset value per share (\$1.40) and the share price on 28 April 2017 when the performance fee was paid to Fisher Funds (\$1.25).
- (ii) On 5 May 2017, 29,106,763 warrants were exercised at \$1.21 per warrant and the remaining 9,069,890 warrants lapsed. Following exercise of the warrants, 29,106,763 shares were issued on 9 May 2017.
- (iii) On 16 May 2017, the Board declared a dividend of 2.79 cents per share. The record date for this dividend is 15 June 2017 with a payment date of 29 June 2017.

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

Independent auditor's report

To the shareholders of Kingfish Limited

Kingfish Limited's financial statements comprise:

- the statement of financial position as at 31 March 2017;
- 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 a summary of significant accounting policies.

Our opinion

In our opinion, the financial statements of Kingfish Limited (the Company), present fairly, in all material respects, the financial position of the Company as at 31 March 2017, 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 a share register audit and agreed upon procedures in relation to the annual shareholder meeting count of votes and the performance fee calculation. The provision of these other services has not impaired our independence.

Our audit approach

Overview



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

Overall materiality: \$1.1 million, which represents 0.5% of net assets. We used this benchmark because the main objective of the Company is to provide investors with a total return on the assets, taking account of both capital and income returns.

We agreed with the Audit and Risk Committee that we would report to them misstatements identified during our audit above \$100,000 as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

We tailored the scope of our audit taking into account the type of investments held by the Company, the use of the third party service providers and the accounting processes and controls in place.

Because of the significance of 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 accounting processes and controls, and the industry in which the Company operates.

The Directors are responsible for the governance and 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 we assessed the control environment in place at the Administrator and the Custodian.

Whilst there are a number of authorised investments that the Company is able to invest in as at 31 March 2017 the investment portfolio largely comprises investments in companies listed on the NZX Main Board.

Key audit matters

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: being the 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
<i>Valuation and existence of investments designated at fair value through profit or loss</i> As referred to in note 6 of the financial statements, investments designated at fair value through profit and loss (investments) are valued at \$213.3 million and represent 96% of total assets. As at 31 March 2017, the investments included shares in companies that are listed on the NZX Main Board and are actively traded with readily available, quoted market prices. All investments are held by the Custodian on behalf of the Company.	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 of ownership of all investments. Our procedures also included obtaining the Administrator's and Custodian's Internal Controls Report for Custody, Investment Accounting and Registry for the periods ended 30 September 2016 and 31 March 2017. We also read the report to identify any control weaknesses and deficiencies. Where there were reported findings we assessed the impact on our audit approach. We tested the valuation of all the investments by agreeing the price at 31 March 2017 to independent third party pricing sources.

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 identified above 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.

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://xrb.govt.nz/Site/Auditing_Assurance_Standards/Current_Standards/Page2.aspx

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:



Chartered Accountants
16 May 2017

Auckland

Shareholder Information

SPREAD OF SHAREHOLDERS AS AT 15 MAY 2017

Holding Range	# of Shareholders	# of Shares	% of Total
1 to 999	257	121,760	0.1
1,000 to 4,999	924	2,646,676	1.4
5,000 to 9,999	844	6,037,682	3.2
10,000 to 49,999	2182	49,322,540	26.4
50,000 to 99,999	430	29,610,389	15.8
100,000 to 499,999	279	53,267,023	28.5
500,000 +	38	45,889,859	24.6
TOTAL	4,954	186,895,929	100%

20 LARGEST SHAREHOLDERS AS AT 15 MAY 2017

Holding Range	# of Shares	% of Total
ASB Nominees Limited <A/C 340941>	4,902,030	2.62
Investment Custodial Services Limited <A/C C>	3,303,303	1.77
Custodial Services Limited <A/C 6>	3,197,076	1.71
ASB Nominees Limited <A/C 339992>	2,710,546	1.45
Custodial Services Limited <A/C 4>	2,454,585	1.31
FNZ Custodians Limited	2,424,140	1.30
Scholthorn Investments Limited	1,943,351	1.04
Custodial Services Limited <A/C 3>	1,732,418	0.93
Michael John Edgar + Susan Margaret Nemec + Charterhall Trustees Limited	1,626,045	0.87
Forsyth Barr Custodians Limited <1-Custody>	1,270,898	0.68
Alok Dhir	1,250,000	0.67
Murray John Lombard Aldridge + Lesley Ann Aldridge + Nicholas Corporate Trustee Co Ltd	1,168,795	0.63
ASB Nominees Limited <A/C 679235>	1,145,000	0.61
Custodial Services Limited <A/C 2>	1,025,371	0.55
Lloyd James Christie	975,504	0.52
Pamela Jean Gillies	965,000	0.52
Stephen Thomas Wright	862,312	0.46
Albert John Harwood + Marlene Mary Harwood	806,627	0.43
Vani Kapoor	800,000	0.43
David Hugh Brown + Susanna Llewellyn Brown	753,750	0.40
TOTAL	35,316,751	18.90%

Statutory Information

DIRECTORS' RELEVANT INTERESTS IN EQUITY SECURITIES AT 31 MARCH 2017

Interests Register

Kingfish 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 Kingfish is available for inspection at its registered office. Particulars of entries in the interests register as at 31 March 2017 are as follows:

	Ordinary Shares		Warrants	
	Held Directly	Held by Associated Persons	Held Directly	Held by Associated Persons
A B Ryan ⁽¹⁾	21,811		4,298	
C M Fisher ⁽²⁾		6,298,703		1,574,676
C A Campbell ⁽³⁾	13,471		2,515	
R A Coupe ⁽⁴⁾	12,057		2,190	

- (1) A B Ryan received 2,866 shares in the year ended 31 March 2017, issued under the share purchase plan (issue price \$1.39). A B Ryan received 1,754 shares in the year ended 31 March 2017, issued under the dividend reinvestment plan (average issue price \$1.32). A B Ryan was issued 4,298 warrants in the year ended 31 March 2017. Subsequent to the balance date, A B Ryan exercised 4,298 warrants and was issued 4,298 ordinary shares. A B Ryan also purchased 3,041 shares on-market as per the Kingfish share purchase plan on 26 May 2017.
- (2) Associated persons of C M Fisher were issued 443,385 shares in satisfaction of 50% of the net performance fee due to Fisher Funds Management Limited for the year ended 31 March 2016 under the Kingfish Management Agreement at an issue price of \$1.3692 per share. Associated persons of C M Fisher were issued 1,574,676 warrants in the year ended 31 March 2017. Subsequent to the balance date associated persons of C M Fisher exercised 980,406 warrants and were issued 980,406 ordinary shares.
- (3) C A Campbell received 2,328 shares in the year ended 31 March 2017, issued under the share purchase plan (issue price \$1.39). C A Campbell received 1,083 shares in the year ended 31 March 2017, issued under the dividend reinvestment plan (average issue price \$1.32). C A Campbell was issued 2,515 warrants in the year ended 31 March 2017. Subsequent to the balance date, C A Campbell exercised 2,515 warrants and was issued 2,515 ordinary shares. C A Campbell also purchased 2,470 shares on-market as per the Kingfish share purchase plan on 26 May 2017.
- (4) R A Coupe received 2,328 shares in the year ended 31 March 2017, issued under the share purchase plan (issue price \$1.39). R A Coupe received 970 shares in the year ended 31 March 2017, issued under the dividend reinvestment plan (average issue price \$1.32). R A Coupe was issued 2,190 warrants in the year ended 31 March 2017. Subsequent to the balance date, R A Coupe exercised 2,190 warrants and was issued 2,190 ordinary shares. R A Coupe also purchased 2,470 shares on-market as per the Kingfish share purchase plan on 26 May 2017.

DIRECTORS HOLDING OFFICE

Kingfish's directors as at 31 March 2017 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 Kingfish constitution, at the 2016 Annual Shareholders' Meeting, Alistair Ryan retired by rotation and being eligible was re-elected. Andy Coupe retires by rotation at the 2017 Annual Shareholders' Meeting and being eligible, offers himself for re-election.

Statutory Information continued

DIRECTORS' REMUNERATION

The following table sets out the total remuneration received by each director from Kingfish for the year ended 31 March 2017. The directors' fees disclosed in the financial statements include a portion of non-recoverable GST expensed by Kingfish.

Directors' remuneration* for the 12 months ended 31 March 2017

A B Ryan (Chair)	\$40,000 ⁽¹⁾
C A Campbell	\$32,500 ⁽²⁾
R A Coupe	\$32,500 ⁽³⁾

*excludes GST

- (1) \$4,000 of this amount was applied to the purchase of 2,866 shares under the Kingfish share purchase plan.
- (2) \$3,250 of this amount was applied to the purchase of 2,328 shares under the Kingfish share purchase plan. C A Campbell receives \$5,000 as Chair of Audit and Risk Committee.
- (3) \$3,250 of this amount was applied to the purchase of 2,328 shares under the Kingfish share purchase plan. R A Coupe receives \$5,000 as Chair of Investment Committee.

Carmel Fisher does not earn a director's fee.

DIRECTORS' INDEMNITY AND INSURANCE

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

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

EMPLOYEE REMUNERATION

Kingfish does not have any employees. Corporate management services are provided to Kingfish by Fisher Funds Management Limited.

DIRECTORS' RELEVANT INTERESTS

The following are relevant interests of Kingfish's Directors as at 31 March 2017:

A B Ryan	Barramundi Limited	Director
	Marlin Global Limited	Director
	Christchurch Casinos Limited	Director
	Metlifecare Limited	Director
	Lewis Road Creamery Limited	Director
	Evolve Education Group Limited	Director
	The New Zealand Racing Board	Board Member
	Audit Oversight Committee	Member
C M Fisher	Barramundi Limited	Director
	Marlin Global Limited	Director
	Fisher Funds Management Limited	Director
	Tower Investments Limited	Director
C A Campbell	Barramundi Limited	Director
	Marlin Global Limited	Director
	T&G Global 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
	NPT Limited	Director
	The Business Advisory Group Limited	Director
	Key Assets Foundation	Trustee
	Ronald McDonald House Charities NZ	Chair
R A Coupe	Barramundi Limited	Director
	Marlin Global Limited	Director
	New Zealand Takeovers Panel	Chair
	Coupe Consulting Limited	Director
	Farmright Limited	Chair
	Solid Energy New Zealand Limited	Chair
	Gentrack Group Limited	Director
	Briscoe Group Limited	Director

Statutory Information continued

AUDITOR'S REMUNERATION

During the 31 March 2017 year the following amounts were paid/payable to the auditor, PricewaterhouseCoopers New Zealand.

	\$000
Statutory audit and review of financial statements	37
Other assurance services	6
Non assurance services	2

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

DONATIONS

Kingfish did not make any donations during the year ended 31 March 2017.

directory

Registered Office

Kingfish 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

Glenn Ashwell

Nature of Business

The principal activity of Kingfish is investment in quality, growing New Zealand companies.

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.computershare.co.nz/investorcentre

For enquiries about Kingfish contact

Level 1, 67 — 73 Hurstmere Road, Takapuna, Auckland 0622
Private Bag 93502, Takapuna, Auckland 0740

Phone: +64 9 489 7094 | Fax: +64 9 489 7139 | Email: enquire@kingfish.co.nz

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

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Printed onto Advance Laser, which is produced from Elemental Chlorine Free (ECF) pulp from virgin wood. This wood is sourced from managed farmed trees in an ISO14001 and ISO9001 (International Quality Management Standard) accredited mill, that generates a portion of their power from tree waste, saving 200 million litres of diesel oil annually.