

KINGFISH LIMITED ANNUAL REPORT

31 MARCH 2018



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CALENDAR

Next Dividend Payable

29 JUNE 2018

Annual Shareholders' Meeting
Ellerslie Event Centre, Auckland

27 JULY 2018, 10:30AM

Interim Period End

30 SEPTEMBER 2018

This report is dated 20 June 2018 and is signed on behalf of the Board of Kingfish Limited by Alistair Ryan, Chair, and Carmel Fisher, Director.

Alistair Ryan *Carmel Fisher*

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 our 'STEEPP' investment criteria (see pages 16 – 17).

AT A GLANCE

FOR THE 12 MONTHS ENDED 31 MARCH 2018

AS AT 31 MARCH 2018

\$36.3m

Net profit

+16.5%

Gross performance return

\$1.45

NAV per share

+12.0%

Total shareholder return

+14.7%

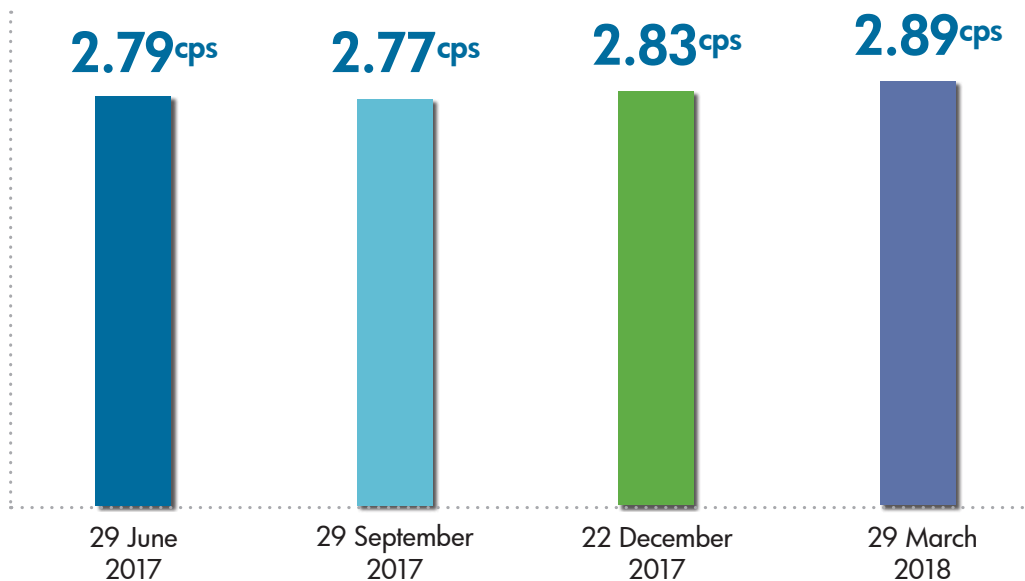
Adjusted NAV return

\$1.31

Share price

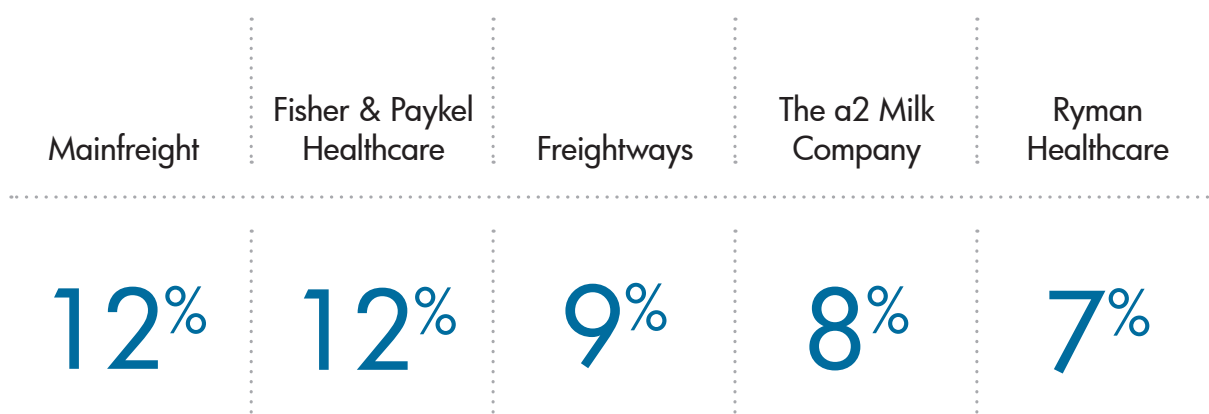
DIVIDENDS PAID

DIVIDENDS PAID DURING THE YEAR ENDED 31 MARCH 2018 (CENTS PER SHARE)



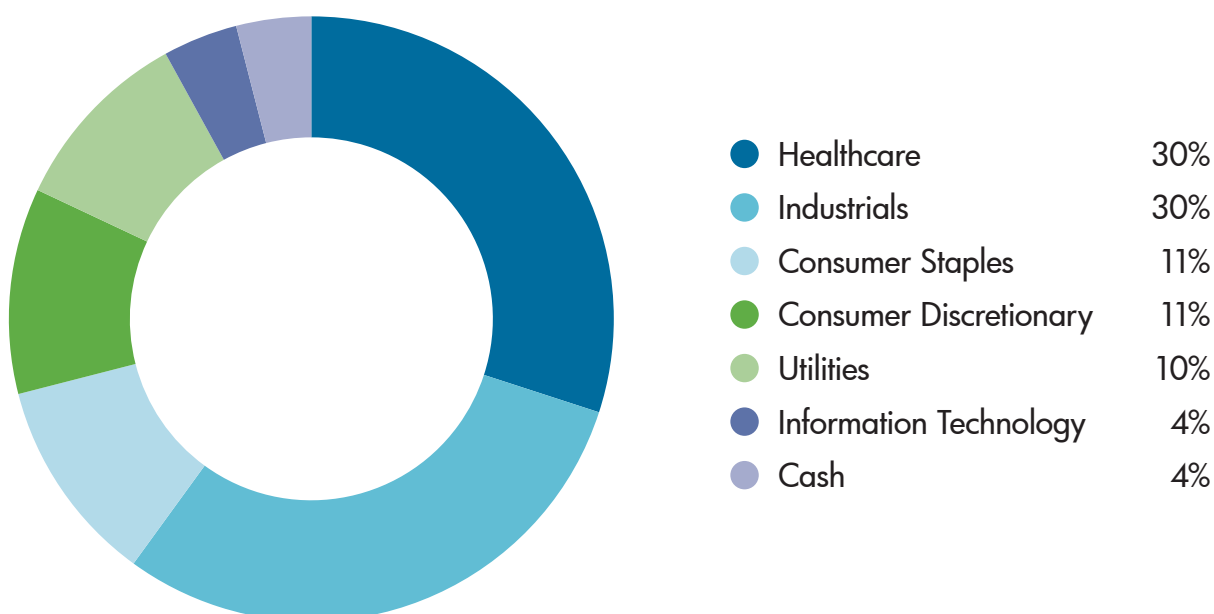
LARGEST INVESTMENTS

AS AT 31 MARCH 2018



SECTOR SPLIT

AS AT 31 MARCH 2018



DIRECTORS' OVERVIEW



Alistair Ryan
Chair

"We are pleased to report a healthy net profit of \$36.3m in what was another strong period for New Zealand shares."

The New Zealand share market continued the positive trend of the past five years, posting another double digit return for the 12 months ended 31 March 2018. The Kingfish portfolio lifted 14.7%¹, delivering a net profit of \$36.3m.

While the first nine months of the financial year were unambiguously positive, market volatility returned in the final three months of the year, providing Kingfish with challenges and opportunities. Such volatility presents opportunities for active managers to add value. Kingfish's portfolio of high quality, growth companies performed soundly over the period, including during the most recent bout of volatility. The S&P/NZX50G finished strongly, closing up 15.6% for the 12 months to 31 March 2018. The Manager's performance, reflected by the gross performance return was 16.5% for the period. Pleasingly, this strong performance has been sustained by the Manager over the longer term, with gross performance returns of 15.6% per annum on a five-year basis.

The 2018 net profit result comprised gains on investments of \$32.5m, dividend and interest income of \$7.9m, other income of \$2.9m (a result of a refund of GST and related use of money interest), less operating expenses and tax of \$7.0m. Fisher Funds was paid a performance fee for the portfolio's performance, consistent with the terms of the Management Agreement. Operating expenses were \$2.0m higher than the corresponding period due to increased brokerage costs, higher management fees (as a result of higher average portfolio values over the year) and a larger performance fee being earned by the Manager than the previous period.

As at 31 March 2018, the Kingfish portfolio comprised 16 stocks and was valued at \$264m with \$11m in cash available. In addition to the strong portfolio performance, shareholders also enjoyed a healthy total shareholder return of 12.0% for the 2018 period largely driven by the 11.28 cents per share paid in dividends during the 2018 financial year. Dividends were slightly higher than total dividends paid in 2017 due to the higher average net asset value (NAV) of the portfolio during the period. The next dividend will be 2.89 cents per share to

be paid on 29 June 2018 with a record date of 14 June 2018. Kingfish continues to offer its dividend reinvestment plan where shareholders are able to reinvest all or part of any cash dividends in fully paid ordinary shares.²

Kingfish also has a regular warrants programme and share buyback programme as part of its capital management initiatives. Kingfish's last warrant issue expired in May 2017 and the board continually monitors a range of factors to determine the potential timing for further warrant issues. It is the board's intention that warrant issues occur regularly, pending market conditions, and it is anticipated a further Kingfish warrant issue will be considered later this year.

Share buybacks present an opportunity for Kingfish to enhance shareholder value. Share buybacks are utilised when the share price to NAV discount is greater than 8%. During the 12 months to 31 March 2018, the share price to NAV discount fluctuated between 5% and 11%. Over the period, Kingfish took advantage of the deeper share price to NAV discounts and purchased approximately 2.4m shares under the buyback programme. Shares purchased under the buyback programme are held as treasury stock.

2018 was another positive year for Kingfish and we look forward to discussing the performance and portfolio with you in more depth at the upcoming Annual Shareholders' Meeting which will be held on Friday 27 July at 10:30am at the Ellerslie Event Centre in Auckland.

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

We would like to thank shareholders for your continued support of Kingfish and look forward to meeting many of you at the annual meeting in July.

On behalf of the board,



Alistair Ryan / Chair
Kingfish Limited
20 June 2018

¹ Adjusted NAV return being the underlying performance of the investment portfolio adjusted for dividends (and other capital management initiatives) and after fees and tax.

² 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/.

DIRECTORS' OVERVIEW CONTINUED

FIGURE 1: FIVE-YEAR PERFORMANCE SUMMARY

Corporate Performance

For the year ended 31 March	2018	2017	2016	2015	2014	5 years (annualised)
Total Shareholder Return	12.0%	8.1%	3.3%	18.2%	18.9%	11.9%
Adjusted NAV Return	14.7%	10.6%	13.0%	6.8%	18.4%	12.6%
Dividend Return	8.7%	8.5%	7.7%	8.4%	8.8%	
Net Profit	\$36.3m	\$22.4m	\$22.5m	\$11.9m	\$26.4m	
Basic Earnings per Share	19.60cps	14.50cps	16.71cps	9.85cps	22.75cps	
As at 31 March	2018	2017	2016	2015	2014	
Audited NAV	\$1.45	\$1.40	\$1.37	\$1.34	\$1.36	
Adjusted NAV ¹	\$4.07	\$3.54	\$3.20	\$2.84	\$2.66	
Share Price	\$1.31	\$1.29	\$1.31	\$1.37	\$1.28	
Warrant Price	-	\$0.05	-	\$0.10	-	
Share Price Discount/(Premium) to NAV ²	9.7%	7.0%	4.4%	(4.1%)	5.9%	

Manager Performance

For the year ended 31 March	2018	2017	2016	2015	2014	5 years (annualised)
Gross Performance Return	16.5%	13.3%	15.7%	9.6%	23.1%	15.6%
S&P/NZX50G	15.6%	6.6%	15.7%	13.5%	16.2%	13.5%
Performance Fee Hurdle / Benchmark Rate ³	9.0%	9.3%	10.2%	10.6%	9.7%	

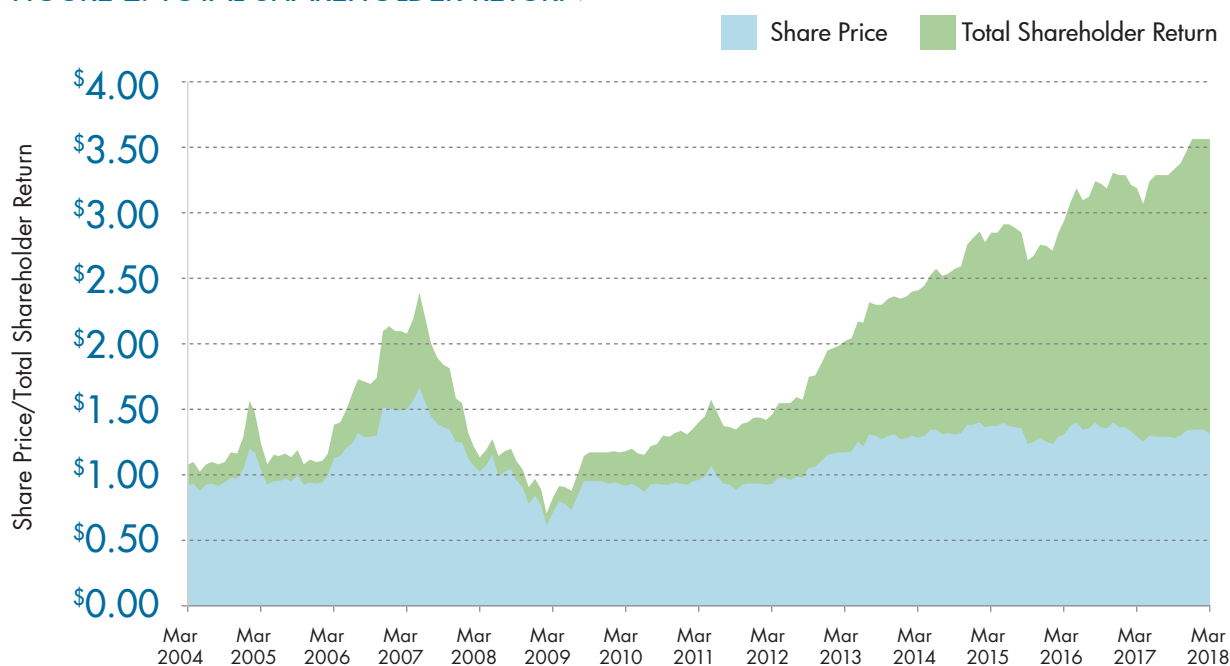
NB: All returns have been reviewed by an independent actuary.

¹ Kingfish's adjusted NAV historical information has been restated as a result of a correction to the warrant dilution component of the calculation. Previously the adjusted NAV had been understated by up to \$0.04.

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

³ The performance fee hurdle is the Benchmark Rate (NZ 90 Day Bank Bill Index +7%).

FIGURE 2: TOTAL SHAREHOLDER RETURN

**Non-GAAP Financial Information**

Kingfish uses non-GAAP measures, including adjusted net asset value, adjusted NAV return, gross performance return and total shareholder return. The rationale for using such non-GAAP measures is as follows:

- » adjusted net asset value – the underlying value of the investment portfolio adjusted for capital allocation decisions after fees and tax,
- » adjusted NAV return – the net return to an investor after fees and tax,
- » gross performance return – the Manager’s portfolio performance in terms of stock selection, and
- » total shareholder return – the return to an investor who reinvests their dividends, and if in the money, exercises their warrants at warrant maturity date for additional shares.

All references to adjusted net asset value, adjusted NAV return, gross performance return and total shareholder return in this Annual Report are to such non-GAAP measures. The calculations applied to non-GAAP measures are described in the Kingfish Non-GAAP Financial Information Policy. A copy of the policy is available at <http://www.kingfish.co.nz/about-kingfish/kingfish-policies/>

MANAGER'S REPORT



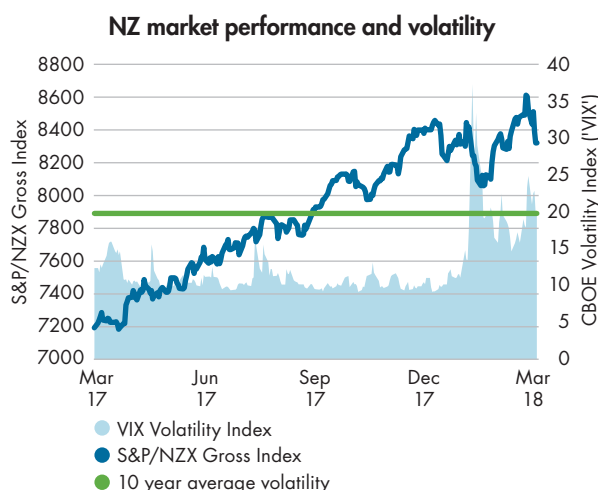
Sam Dickie
Senior Portfolio Manager

"For the first nine months of the year, the New Zealand share market recorded new highs every single month, creating an environment that felt too good to be true. Market volatility returned at the start of calendar year 2018, catching investors unaware."

The 12 months to 31 March 2018 was an interesting period. At a headline level, the market performed strongly, with the S&P/NZX50G rising 15.6% for the year, however most of the gains occurred in the first nine months of the year. Throughout the 2017 calendar year, the market recorded new highs every single month with limited volatility – a definitive bull market. Such limited volatility in markets is unusual and the 2017 experience was a result of very benign economic conditions where inflation was largely under control, interest rates low and stable and global growth accelerating. Investors seemingly had few worries – it felt too good to be true.

Spoiler: it was! The start of the 2018 calendar year coincided with a return to more volatile markets. Triggered by renewed fears of rising inflation, interest rates started to lift (primarily in the US) which unsettled investors. Volatility was exacerbated by the fact that investors had positioned for stable markets and as they were surprised by the market's gyrations, they hastily changed the way their money was invested.

As the ground was shifting beneath investors' feet, we were pleased our approach of focusing on high quality companies and management teams allowed the Kingfish portfolio to outperform the market during this changing environment. While the recent bout of volatility and the accompanying newspaper headlines felt severe, it was really a return to more normal levels of volatility. And for active investors like ourselves, volatility creates opportunity. As Warren Buffett's mentor Ben Graham reminds us, 'Mr Market' can go through bouts of euphoria and depression and offer very different prices for the same shares from one day to the next.



KINGFISH PORTFOLIO

The Kingfish portfolio delivered a strong result for the year with a gross performance return of 16.5%, outperforming the S&P/NZX50G. A number of portfolio heavyweights helped drive the return. Standouts included **Fisher & Paykel Healthcare** (+38%), **Summerset** (+37%), **Restaurant Brands** (+37%) and **Ryman Healthcare** (+28%).

During the 2018 financial year, we added two new companies, **Xero** and **The a2 Milk Company**, to the Kingfish portfolio and made the decision to exit three positions: **Trade Me**, **Z Energy** and **Tegel Group**.

ADDITIONS

We added cloud accounting software provider **Xero** to the portfolio in September 2017. We chose to invest in Xero because of its leading market positions, the high barriers to entry it has created by developing its software platform, its long runway of future growth and a strong culture of innovation.

Unfortunately, in November 2017, Xero announced its intention to transition to a sole listing on the Australian Stock Exchange on the basis it would have access to deeper capital markets, increased trading liquidity and a broader base of potential investors. As a result of Xero's decision, the Kingfish board determined that given Kingfish's mandate is to invest in quality New Zealand companies and the fact that Xero would no longer be listed on the NZX, it was appropriate that Kingfish exit its investment in Xero.

While Xero was only in the Kingfish portfolio for a short time, we were pleased that it became a top 10 contributor for the year.

The a2 Milk Company sells fresh milk and infant milk formula containing only the A2 beta-casein variant. Having only A2 beta casein reputedly gives health benefits making digestion easier (whereas most milk includes A1 as well as A2 beta casein). The company has developed a leading, highly trusted brand in Australia and China and is looking to expand into new markets. We added a2 Milk to the Kingfish portfolio ahead of the company announcing its 2018 interim result.

We initially looked on from the sidelines as we grappled with whether the company had sufficiently built its brand in China over and above its success in the "daigou" distribution channel. However, a2 Milk has made progress diversifying its distribution channels in China, growing a direct business through internet channels and rolling out product in thousands of specialist "mother and baby" stores. The a2 Milk of today has a more balanced distribution network and its brand has become increasingly recognised by consumers based on independent survey data.

a2 Milk has also announced a deal with Fonterra that will accelerate the company's growth into new markets and products, such as nutritionals, butter and cheese. This relationship will provide a2 Milk with access to Fonterra's logistics and distribution networks and is the next step in the company's global growth story. As Kiwis, it also means we can expect to see local supermarket shelves well stocked with a2 Milk in the future – good for your health *and* your investment!

EXITS

There are two main reasons we exit an investment – either the thesis or reason for owning the company has changed or there are better uses for the money elsewhere.

TradeMe was largely an example of the latter. To help fund Kingfish's investments in Xero and The a2 Milk Company, we exited TradeMe. While we still believe TradeMe is a high quality company and remain big fans of its classified businesses, its marketplace business (the part where you can bid on products for sale) is facing new challenges from a number of well-resourced global competitors. This competition is resulting in a bad combination for profits, slowing revenue growth and the need to add to costs as TradeMe invests to defend its business.

We also chose to exit **Z Energy** as our initial investment thesis had largely played out. Additionally, we believe there are likely to be longer term structural challenges for the business as more consumers switch to electric vehicles.

Kingfish's investment in **Tegel** was sold in April 2017. As we discussed in last year's Annual Report, it had become evident that Tegel had less pricing power than we had thought due to the changes in the structure of the poultry market.

PORTFOLIO NEWS

While there was some change to the Kingfish portfolio this year, long-time holdings continued to deliver with portfolio heavyweights **Fisher & Paykel Healthcare**, **Restaurant Brands**, **Summerset** and **Ryman Healthcare** the biggest contributors to performance.

Fisher & Paykel Healthcare is one of the largest positions in the Kingfish portfolio and was the standout performer for the period, up 38%. The company's share price continued to rebound strongly following the drag in the prior year caused by President Trump's rhetoric around taxing Mexican imports; and a competitor, Resmed, launching litigation against Fisher & Paykel Healthcare. As it turned out, both President Trump and Resmed's litigation had more bark than bite.

Retirement village operators **Ryman Healthcare** and **Summerset** delivered strong share price performances over the year up 28% and 37% respectively. Despite potential concerns surrounding a slowdown in the broader New Zealand housing market, both operators have continued to post solid operating metrics and financial performance – testament to their strong market offering and their needs-based proposition that is so highly valued by customers. **Ryman's** Melbourne expansion continues to gain momentum; its second village is expected to open in 2018, it has acquired its eighth site in Melbourne and aims to have five villages open by 2020.

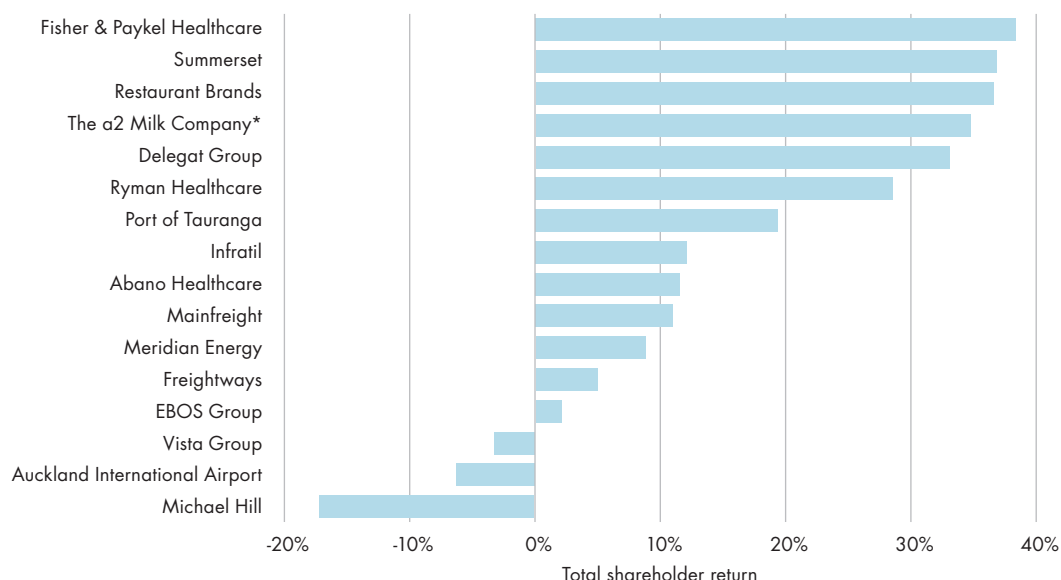
Summerset continues to post impressive earnings growth, with underlying profit up 44% for the year. During the period, Summerset announced it will lift its New Zealand build rate from 450 units per annum currently to approximately 600 units by 2020/2021, accelerating its growth ahead of expectations. Summerset also announced that it is investigating whether to move into the Australian market.

During the year we increased Kingfish's investment in **Restaurant Brands**, a decision that was "finger lickin' good", with the company's share price gaining 37% over the period. Restaurant Brand's management team has nicely bedded down its recent acquisitions in Australia (KFC) and Hawaii (Taco Bell and Pizza Hut). In New Zealand, the core KFC business continues to trade strongly and the launch of an urban concept format in downtown Auckland was very successful. The company now has multiple growth options at its disposal, including store rollout and refurbishments offshore, further acquisitions, rolling out the urban concept, and potentially trialling Taco Bell in Australasia.

While the majority of the Kingfish portfolio companies performed well (15 of the 21 investments during the 2018 financial year rose in value), some of the portfolio companies faced a more challenging year.

Michael Hill lost some lustre, falling 17% during the year. Although its Canadian business continues to grow at a healthy rate and the mature Australasian businesses are delivering solid performance, it became evident that its sub-scale, loss making US business would not become profitable in the near future. The company made the hard (and correct in our view) decision to exit the business. The earlier stage Emma & Roe chain has also struggled to gain traction in its current form and is being pared back and relaunched in trial phase, with the company of the view it can regain its sparkle.

Portfolio Company Returns 12 months to 31 March 2018



*From date of first investment

Source: Factset

Auckland International Airport's share price struggled during the period. As Auckland Airport is viewed as a yield asset by some, the increase in bond rates over the past year hampered share price performance. This is despite the company's operations performing well. Auckland Airport achieved a great price for the sale of its 25% stake in North Queensland Airports, exceeding all estimates of potential value and reducing the likelihood of future capital requirements. Auckland Airport's interim result was solid, with earnings growth in its on-airport retail business exceeding expectations. We have used the share price weakness to increase the position during the year.

Vista Group has become an 'A-list' in the niche global film software industry. However, during the period, it underperformed as expectations of margins and the earnings trajectory softened, despite strong revenue growth (+20% in 2017). We believe the business remains well placed for future growth and during the year we increased Kingfish's holding in the company.

OTHER PORTFOLIO ACTIVITY

During the period, **Abano** completed its transition to a focused dental group, announcing the sale of its Ascot Radiology business for \$17m. Abano raised \$35m additional equity to accelerate its dental practice acquisition strategy, particularly in the Australian market. While same-store-sales growth was disappointing, we remain attracted to the medium-term margin expansion opportunity.

Delegat, a producer and distributor of wine under the Oyster Bay and Barossa Valley Estate brands, made further progress on its multi-year strategy of growing case volumes into the North American market. Throughout the 2018 financial year, it doubled its reach through the expansion of a key US distribution agreement, which we think should help underpin double-digit growth rates going forward – an outcome worthy of a toast.

Long-time portfolio holding, **Freightways** continued to deliver solid performance in its network courier business during the period, including benefitting from rapidly growing business-to-consumer volumes (all those online shopping purchases!). The company recently invested in expanding capacity to meet demand and acquired a small medical waste business, which expands the growth opportunity for its Information Management division. While we were sad to see long-time CEO Dean Bracewell depart during the year, we have comfort internal successor Mark Troughear is capable. We increased the Kingfish position in Freightways earlier this year.

Newsflow was generally positive for **Infratil's** portfolio assets over the period. Trustpower, its largest investment, benefitted from strong hydro generation which helped bolster short-term group earnings and its medium-term earnings remain intact with the Tauranga Energy Consumer Trust withdrawing its proposal to restructure its payments to Trustpower consumers. Following on from Infratil's portfolio refresh in 2016/2017, we are increasingly encouraged by the future earnings growth and potential for value growth from its relatively new investment in Canberra Data Centres.

MANAGER'S REPORT CONTINUED

The strong global growth backdrop over the past 12-18 months has benefitted **Mainfreight** freight volumes in many regions. The company's Australian business has invested in quality new facilities and is taking market share from competitors through superior service, while its European business is benefitting from the regional economic recovery and becoming increasingly competitive in tenders for major accounts. Management continues to focus on "painting the world blue" by growing its global freight network, including the lucrative opportunity in the large and growing US market.

During the period, **Port of Tauranga** reported its strongest half-year result in five years, with double digit growth in each of its key cargo segments driving 13% growth in underlying earnings. Following on from the completion of its major dredging project in September 2016, the 2018 interim result again demonstrated Port of Tauranga's role as New Zealand's pre-eminent hub port, with growth in transhipments of approximately 48% and further gains to market share of container trading (now approximately 30% larger than its nearest competitor).

CHANGES AFTER YEAR END

Following year end, Kingfish made a small investment in **Fletcher Building** for the first time in its history.

Despite the well-publicised and somewhat turbulent events of the last couple of years, Fletcher Building's key New Zealand operations, Golden Bay Cement, Winstone Wallboards and PlaceMakers, continue to dominate their respective markets.

Golden Bay Cement has around 50% market share and there is only one other major player that it competes with. Winstone Wallboards has had over 90% market share for 15-20 years and currently generates a strong return on invested capital and PlaceMakers consistently has a leading market position with trade customers.

While there is no lack of competition in any building materials business, those very high market shares with stable industry structure backdrops are rare anywhere in the world. It is these core businesses which score respectably when viewed through our STEEPP investment criteria. We believe the problem is that there are other smaller businesses surrounding the Fletcher Building business core that are not attractive businesses and some of those have been the cause of the turbulence.

One of the key catalysts for the recent investment in Fletcher Building is the strategic review the company is undertaking, which will see it refocus on its core assets. We are also encouraged by Fletcher's new management team and their clarity of vision on what Fletcher's strengths as a business are and what is required to fix the key issues.

It is rare that we will invest in a business like Fletcher Building. We have our eyes wide open about the company's patchy track record, the challenges that lie ahead and the risks around the construction cycle.

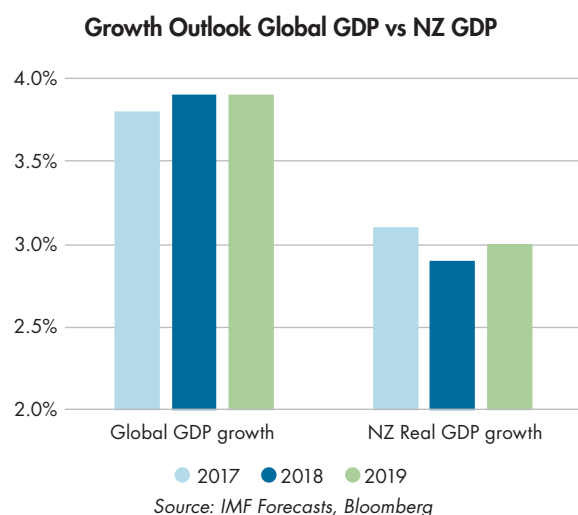
To help fund the purchase of Fletcher Building, we exited the Kingfish position in **EBOS**, a provider of medical consumables, equipment, solutions and supplies. While EBOS remains firmly on our watchlist, we believe that deploying this money into Fletcher Building will generate better returns. EBOS is operating in an industry where the outlook is increasingly challenged as regulated pharmacy revenues come under pressure and some drug and pharmacy manufacturers are choosing to bypass wholesale distributors and supply directly to pharmacies.

OUTLOOK

There is always a long list of worries that participants in financial markets obsess over. Today this is not just limited to the impact of President Donald Trump's tweets on the value of equities! Geopolitical risk, the US fiscal deficit risk, China's pace of growth and the pace of debt creation are all valid investor concerns. At home, we are waiting to see whether the Labour Government will be able to carry out some of their plans and what the impact will be on markets. But as long term investors, we are used to having these sorts of constant worries!

As always most of our focus is on what companies themselves are doing. Are they investing for the future to drive earnings growth, what is the competition doing, is management focused and on the ball? We think if these things are done right, passing macroeconomic concerns become less important over the long term to share prices.

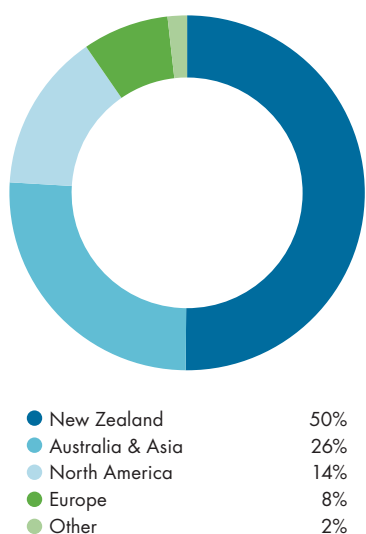
That said, the outlook for growth and inflation both in New Zealand and offshore will have some impact on the portfolio company earnings and market sentiment, at least in the short term.



Global GDP growth is expected to accelerate slightly to c3.9% in 2018 and stay at above trend levels through to 2019. Conversely, New Zealand's GDP growth is expected to decline slightly in 2018/2019.

We believe Kingfish is well positioned for this differentiated growth outlook. We know Kiwis love to travel and broaden their horizons – similarly, many of the Kingfish portfolio companies have truly international businesses. Approximately half of the revenue generated by portfolio companies is from outside New Zealand. As such, Kingfish is positioned to benefit from the higher forecast global growth.

Portfolio revenue split by geography



Source: Fisher Funds estimates

The recent pickup in inflation has, as mentioned in the introduction, resulted in a pickup in market volatility. In our view, the return of a more volatile market creates opportunities for active investors like Fisher Funds. At the core of the STEEPP investment approach is the idea that quality companies with strong management, that can grow earnings over the years, are likely to be attractive investments. If volatile markets give us the chance to invest in these kinds of companies at reasonable prices, we welcome higher volatility with open arms.

Sam Dickie / Senior Portfolio Manager
Fisher Funds Management Limited
 20 June 2018

**PORTFOLIO HOLDINGS SUMMARY
 AS AT 31 MARCH 2018**

Listed Companies	% Holding
Abano Healthcare	1.9%
Auckland International Airport	5.4%
Delegat Group	3.4%
EBOS Group	2.4%
Fisher & Paykel Healthcare	12.1%
Freightways	9.3%
Infratil	7.2%
Mainfreight	12.1%
Meridian Energy	2.9%
Michael Hill	4.5%
Port of Tauranga	3.1%
Restaurant Brands	6.1%
Ryman Healthcare	7.5%
Summerset	6.5%
The a2 Milk Company	7.8%
Vista Group	4.0%
Equity Total	96.2%
New Zealand dollar cash	3.8%
TOTAL	100.0%

THE STEEPP PROCESS

Fisher Funds employs an investment analysis model that it calls the STEEPP process to analyse existing and potential portfolio companies. This analysis gives each company a score against a number of criteria that Fisher Funds believes need to be present in a successful portfolio company. All companies are then ranked according to their STEEPP score to broadly determine their portfolio weighting (or indeed whether they make the grade to be a portfolio company in the first place).

The STEEPP criteria are as follows:



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.



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.



EARNINGS HISTORY

How fast has the company been able to grow its earnings in the past? How consistent has earnings growth been? Fisher Funds prefers to buy companies that exhibit secular growth characteristics where they have proven the ability to provide a high or improving return on invested capital.

Applying this STEEPP analysis, Fisher Funds constructed a portfolio for Kingfish which comprised 16 securities as at 31 March 2018.



EARNINGS GROWTH FORECAST

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



PEOPLE/ MANAGEMENT

Who are the management team and how long have they been in their roles? Who are the directors, what is their history with the company, and what do they bring to the board? What is the depth of management in the organisation and is there a succession plan for the key executive roles? Do the management team own shares in the business and how are they rewarded? Has the board and management exhibited good corporate behaviour in the areas of environmental, social and governance considerations? For Fisher Funds, the quality of the company management and its corporate governance is of paramount importance.



PRICE/ VALUATION

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

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 2018 and is based on the closing price for each company plus any capital management initiatives. For companies that are new additions to the portfolio during the year, total shareholder return is from the first purchase date to 31 March 2018.



WHAT DOES IT DO?

Abano Healthcare is 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

+11%



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 light-handed 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. 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

-6%

— EST 1947 —
DELEGAT

WHAT DOES IT DO?

Delegat Group produces and distributes super-premium wine internationally under the Oyster Bay and Barossa Valley Estate brands. Oyster Bay is the number one selling New Zealand wine brand in the UK, Australia and Canada, and is growing quickly in the US.

WHY DO WE OWN IT?

Delegat continues to grow its profits annually despite currency fluctuations. The company has invested 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

+33%

Fisher & Paykel
HEALTHCARE

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 growing demand for Fisher & Paykel Healthcare'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 Healthcare has continued to develop products that significantly expand its potential patient base, while maintaining high returns on invested capital.

Total Shareholder Return

+38%

KINGFISH PORTFOLIO STOCKS CONTINUED

Freightways

WHAT DOES IT DO?

Freightways operates a range of nationwide courier 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 storage, data services, and secure destruction services.

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 stable organic growth and 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

+5%



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 and its track record since listing has been exceptional.

Total Shareholder Return

+12%



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 air and sea freight, and both full-truckload and less-than-truckload domestic transport. Its operations span New Zealand, Australia, the US, Asia and Europe.

WHY DO WE OWN IT?

Mainfreight is a very well-run company with a special company culture that has delivered strong performance over time. It continues to open new trade lanes as it spreads its logistics footprint ever wider. Growth should come organically and through selective acquisitions as it works towards its goal of becoming a global logistics provider.

Total Shareholder Return

+11%



meridian

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 in New Zealand, operating under the Meridian and Powershop brands, and is well positioned to double the size of its Australian retail base.

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

+9%

KINGFISH PORTFOLIO STOCKS CONTINUED



michael hill

WHAT DOES IT DO?

Michael Hill is a specialist jewellery retailer, manufacturing most of its own products and selling through a network of over 300 stores and online. The company operates stores in New Zealand, Australia and Canada.

WHY DO WE OWN IT?

Michael Hill's Australasian business has delivered solid financial performance through executing its core retailing disciplines well. Its Canadian business is taking market share as competitors fall by the wayside. The company is seeking to differentiate itself from more staid competitors through its collection-based and branded product strategies and its Emma & Roe brand of 'demi-fine' fashion jewellery.

Total Shareholder Return

-17%



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

+19%



WHAT DOES IT DO?

Restaurant Brands has franchise agreements for international fast-food brands in New Zealand, Australia and the Pacific (including KFC, Taco Bell, Pizza Hut, Starbucks and Carl's Jr.). In recent times, the company expanded internationally with the purchase of a network of KFC stores in New South Wales, plus Taco Bell and Pizza Hut stores in the Pacific (primarily Hawaii). The KFC brand is the largest earner for the group.

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 has a leading management team and is in the middle of a growth phase via its offshore expansion.

Total Shareholder Return

+37%



WHAT DOES IT DO?

Ryman Healthcare was formed in 1984 to develop, construct and operate retirement villages in New Zealand. It now has 32 retirement villages around New Zealand and is in the early stages of replicating its model in Melbourne. Ryman Healthcare is the largest owner and developer of retirement villages in New Zealand.

WHY DO WE OWN IT?

Ryman Healthcare has stuck to its winning formula since inception. Industry dynamics are attractive, and Ryman Healthcare is well positioned to lift its build rate of units and beds to meet accelerating demand from an ageing population. Melbourne represents an area of considerable upside with a similar ageing demographic to that in New Zealand. The company 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

+28%

KINGFISH PORTFOLIO STOCKS CONTINUED

**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. It is investigating whether to expand into the Australian market.

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, while 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

+37%**WHAT DOES IT DO?**

The a2 Milk Company sells 'a2' branded fresh milk and infant milk formula internationally. As the name suggests, its products contain only A2 beta-casein protein, on the basis that it is more comfortably digested than normal milk (which contains a mix of both A1 and A2 proteins). In recent years, the company has grown sales and market share rapidly in Australia and China and is currently also focused on its growing businesses in the US and UK.

WHY DO WE OWN IT?

The a2 Milk Company has a small but fast growing share of the very lucrative Chinese infant formula market. Management have capably executed on its growth plans to date and we expect its market share to continue growing across a range of distribution channels. In addition, there is potential for further upside from new products and geographies.

Total Shareholder Return

+35%**Purchased during the year*



WHAT DOES IT DO?

Vista Group is an innovative and profitable IT company primarily providing sophisticated software to cinema exhibitors. It has around 40% worldwide market share with clients in over 90 countries. Its integrated software systems allow cinema exhibitors to run wide-ranging functions such as ticketing, food and beverage sales, staff and film scheduling, loyalty schemes, digital signage as well as external customer interfaces like websites, mobile apps and call centres. Vista Group also has a range of smaller group businesses that leverage its depth of data and cinema industry intellectual property.

WHY DO WE OWN IT?

We are attracted to Vista Group's profitable core business which provides sophisticated software to cinema operators of all sizes. We believe that this business still has many years of growth ahead of it, particularly in undeveloped countries. Additionally, the company's data analytics business (Movio) and other early stage businesses have exciting long term growth prospects.

Total Shareholder Return

-3%



EBOS GROUP

The Kingfish portfolio also held shares in EBOS Group as at 31 March 2018; however, as discussed on page 14 this position has now been exited.

Total Shareholder Return

+2%



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 Kiwibank. He is also Chair of Evolve Education Group and a member of the FMA appointed Audit Oversight Committee. 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 and also served as a director of various SKYCITY subsidiary and associated companies. Prior to SKYCITY, Alistair was a Corporate Services Partner with 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, INFNZ (Fellow)

Director

Carmel Fisher established Fisher Funds Management Limited in 1998. Carmel's interest and involvement in the New Zealand share market spans over 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 and New Zealand Trade & Enterprise. Carmel's principal place of residence is Auckland.

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 Chartered Accountants Australia and New Zealand. Carol has extensive financial experience and a sound understanding of efficient board governance. Carol holds a number of directorships across a broad spectrum of companies including T&G Global, New Zealand Post, NZME, Kiwibank and NPT. Carol is also a director of Barramundi and Marlin Global. Carol was a director of The Business Advisory Group, a chartered accountancy practice, for 11 years and prior to that a partner at Ernst & Young for over 25 years. Carol's principal place of residence is Auckland.

Carol was first appointed to the 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 and takeover transactions involving numerous initial public offerings and secondary market 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 2018

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

As at 31 March 2018, Kingfish was in compliance with the NZX Code, with the exception of recommendations 3.6, 4.3 and 5.3 for the reasons explained under the relevant principles.

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

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

Principle 1 – Code of ethical behaviour

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

CODE OF ETHICS & STANDARDS OF PROFESSIONAL CONDUCT

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

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

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

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

SECURITIES TRADING POLICY

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

In relation to Kingfish shares, 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.

CONFLICTS OF INTEREST POLICY

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

Principle 2 – Board composition and performance

To ensure an effective board, there should be a balance of independence, skills, knowledge, experience and perspectives.

BOARD CHARTER

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

CORPORATE GOVERNANCE STATEMENT CONTINUED

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

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

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

NOMINATION AND APPOINTMENT OF DIRECTORS

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

WRITTEN AGREEMENT

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

DIRECTOR INFORMATION AND INDEPENDENCE

The board comprises four directors with diverse backgrounds, skills, knowledge, experience and perspectives. Information about each director including a profile of experience is available on page 26 of this Annual Report and also on the Kingfish website.

The board takes into account guidance provided under the NZX Main Board/Debt Market Listing Rules in determining the independence of directors. Director independence is considered annually. Directors have undertaken to inform the board as soon as practicable if they think their status as an independent director has or may have changed.

As at 31 March 2018, the board considers that Alistair Ryan (Chair), Carol Campbell and Andy Coupe are independent directors. As at 31 March 2018, the board considers that Carmel Fisher is not an independent director by virtue of the Management Agreement between Kingfish and Fisher Funds, and her being a director of Fisher Funds.

Information in respect of directors' ownership interests is available on page 55.

DIVERSITY

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

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

The board's gender composition was as follows:

2018 position	Number		Proportion	
	Female	Male	Female	Male
Directors	2	2	50%	50%

2017 position	Number		Proportion	
	Female	Male	Female	Male
Directors	2	2	50%	50%

The board believes that Kingfish has achieved the objectives set out in its Diversity Policy for the year ended 31 March 2018.

DIRECTOR TRAINING

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

ASSESSMENT OF DIRECTOR PERFORMANCE

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

SEPARATION OF THE CHAIR AND CHIEF EXECUTIVE

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

Principle 3 – Board committees

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

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

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

DIRECTOR MEETING ATTENDANCE

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

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

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

AUDIT AND RISK COMMITTEE

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

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

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

The Audit and Risk Committee also reviews the appropriateness of any non audit services and recommends to the board which services, other than the statutory audit, may be provided by PricewaterhouseCoopers as auditor.

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

The Audit and Risk Committee currently comprises independent directors Carol Campbell (Chair), Alistair Ryan and Andy Coupe, all of whom have appropriate financial experience and an understanding of the industry in which Kingfish operates.

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

REMUNERATION AND NOMINATIONS COMMITTEE

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

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

INVESTMENT COMMITTEE

The Investment Committee Charter sets out the objective of the Investment Committee which is to oversee the investment management of Kingfish to ensure the portfolio is managed in accordance with the investment mandate and with the long-term performance objectives of Kingfish.

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

CORPORATE GOVERNANCE STATEMENT CONTINUED

TAKEOVER RESPONSE PROTOCOLS

Since 31 March 2018, the board has adopted a formal Takeover Response Protocol as an internal framework that sets out the process to be followed if there is a takeover offer for Kingfish.

Principle 4 – Reporting and disclosure

The board should demand integrity in financial and non-financial reporting, and in the timeliness and balance of corporate disclosures.

CONTINUOUS DISCLOSURE

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.

CHARTERS AND POLICIES

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

FINANCIAL REPORTING

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

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

As at 31 March 2018, Kingfish does not have a formal environmental, social and governance (ESG) framework. Kingfish will continue to assess whether it is appropriate that an ESG framework is adopted in the future.

Principle 5 – Remuneration

The remuneration of directors and executives should be transparent, fair and reasonable.

DIRECTORS' REMUNERATION

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

Directors' fees are determined by the board on the recommendation of the Remuneration and Nominations Committee within the aggregate amount approved by shareholders. The current directors' fee pool limit of \$125,000 (plus GST if any) was approved by shareholder resolution at the 2017 Annual Shareholders' Meeting and became effective on 1 August 2017.

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

The following table sets out the remuneration received by each director from Kingfish for the year ended 31 March 2018.

Directors' remuneration* for the 12 months ended 31 March 2018

A B Ryan (Chair)	\$46,666 ⁽¹⁾
C A Campbell	\$35,833 ⁽²⁾
R A Coupe	\$35,833 ⁽³⁾

*excludes GST

⁽¹⁾ \$4,000 of this amount (being 10% of the annual fee prior to 1 August 2017) was applied to the purchase of 3,041 shares under the Kingfish share purchase plan.

⁽²⁾ \$3,250 of this amount (being 10% of the annual fee prior to 1 August 2017) was applied to the purchase of 2,470 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 (being 10% of the annual fee prior to 1 August 2017) was applied to the purchase of 2,470 shares under the Kingfish share purchase plan. R A Coupe receives \$5,000 as Chair of Investment Committee.

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

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

DIRECTORS' SHAREHOLDING - SHARE PURCHASE PLAN

A Share Purchase Plan was introduced by the board in 2012 which requires each director to allocate 10% of their annual director's fee to the purchase (on market) of Kingfish shares. Once an individual director's shareholding reaches 50,000 shares, the director can elect whether to continue with the plan. The intention of the Share Purchase Plan is to further align the interests of directors with those of shareholders.

CEO REMUNERATION

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

Principle 6 – Risk management

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

RISK MANAGEMENT FRAMEWORK

The board has overall responsibility for Kingfish's system of risk management and internal control. Kingfish has in place policies and procedures to identify areas of significant business risk and implements procedures to manage those risks effectively.

Key risk management tools used by Kingfish include the Audit and Risk Committee function, outsourcing of certain functions to service providers, internal controls, financial and compliance reporting procedures and processes and business continuity planning. Kingfish also maintains insurance policies that it considers adequate to meet its insurable risks.

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

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

HEALTH AND SAFETY

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

Principle 7 – Auditors

The board should ensure the quality and independence of the external audit process.

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

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

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

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

PwC, as external auditor of the 2018 financial statements, is invited to attend this year's annual meeting and will be available to answer questions about the conduct of the audit, preparation and content of the auditor's report, accounting policies adopted by Kingfish and their independence in relation to the conduct of the audit.

Kingfish does not have an internal audit function. Kingfish delegates the day-to-day management responsibilities to Fisher Funds and the designated Corporate Manager is responsible for operational and compliance risks across Kingfish's business.

CORPORATE GOVERNANCE STATEMENT CONTINUED

Principle 8 – Shareholder rights and relations

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

INFORMATION FOR SHAREHOLDERS

The board recognises the importance of providing 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.

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

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.

COMMUNICATING WITH SHAREHOLDERS

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

SHAREHOLDER VOTING RIGHTS

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

NOTICE OF ANNUAL MEETING

The 2018 Kingfish Notice of Annual Meeting will be sent to shareholders at least 28 days prior to the meeting and will be published on the company's website.

This year's meeting will be held at 10.30am on 27 July 2018, at the Ellerslie Event Centre in Auckland. Full participation of shareholders is encouraged at the annual meeting and shareholders are encouraged to submit questions in writing prior to the meeting.

MANAGEMENT AGREEMENT RENEWAL

The Management Agreement between Kingfish and Fisher Funds is subject to renewal every five years. The Management Agreement is next subject to renewal in 2019.

NZX WAIVERS

Kingfish outsources all investment management functions and administration services to 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: www.kingfish.co.nz/investor-centre/market-announcements/.

DIRECTORS' STATEMENT OF RESPONSIBILITY

FOR THE YEAR ENDED 31 MARCH 2018

We present the financial statements for Kingfish Limited for the year ended 31 March 2018.

We have ensured that the financial statements for Kingfish Limited present fairly the financial position of the company as at 31 March 2018 and its financial performance and cash flows for the year ended on that date.

We have ensured that the accounting policies used by the company comply with generally accepted accounting practice in New Zealand and believe that proper accounting records have been kept. We have ensured compliance of the financial statements with the Financial Markets Conduct Act 2013.

We also consider that adequate controls are in place to safeguard the company's assets and to prevent and detect fraud and other irregularities.

The Kingfish board authorised these financial statements for issue on 21 May 2018.



Alistair Ryan



Carmel Fisher



Carol Campbell



Andy Coupe

FINANCIAL STATEMENTS CONTENTS

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KINGFISH LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2018

	Notes	2018 \$000	2017 \$000
Interest income		237	177
Dividend income		7,672	6,609
Net changes in fair value of investments	2	32,493	20,644
Other income	3	2,959	0
Total net income		43,361	27,430
Operating expenses	4	6,996	5,006
Operating profit before tax		36,365	22,424
Total tax expense	7	39	29
Net operating profit after tax attributable to shareholders		36,326	22,395
Other comprehensive (loss)/income			
<i>Items that will not be reclassified to profit or loss:</i>			
Impairment of available-for-sale financial asset		0	(289)
Total comprehensive income after tax attributable to shareholders		36,326	22,106
Basic earnings per share	6	19.62c	14.50c
Diluted earnings per share	6	19.51c	14.13c

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

KINGFISH LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2018

	Notes	Attributable to shareholders of the company				
		Share Capital	Available-for-Sale Reserve	Performance Fee Reserve	Retained Earnings	Total Equity
		\$000	\$000	\$000	\$000	\$000
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						
Dividends paid	5	0	0	0	(17,236)	(17,236)
New shares issued under dividend reinvestment plan	5	6,452	0	0	0	6,452
Prior year Manager's performance fee to be settled with ordinary shares		603	0	(607)	0	(4)
Manager's performance fee to be settled with ordinary shares		0	0	417	0	417
Warrant issue costs		(17)	0	0	0	(17)
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
Comprehensive income						
Profit for the year		0	0	0	36,326	36,326
Other comprehensive income		0	0	0	0	0
Total comprehensive income for the year ended 31 March 2018		0	0	0	36,326	36,326
Transactions with owners						
Dividends paid	5	0	0	0	(21,215)	(21,215)
Share buybacks		(3,095)	0	0	0	(3,095)
Shares issued from treasury stock under dividend reinvestment plan	5	2,871	0	0	0	2,871
New shares issued under dividend reinvestment plan	5	5,057	0	0	0	5,057
Shares issued for warrants exercised	5	35,148	0	0	0	35,148
Prior year Manager's performance fee settled with ordinary shares		297	0	(301)	0	(4)
Prior year Manager's performance fee settled with treasury stock		116	0	(116)	0	0
Manager's performance fee to be settled with ordinary shares	17	0	0	1,118	0	1,118
Total transactions with owners for the year ended 31 March 2018		40,394	0	701	(21,215)	19,880
Balance at 31 March 2018		205,123	0	1,118	70,035	276,276

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

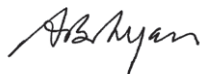
KINGFISH LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2018

	Notes	2018 \$000	2017 \$000
SHAREHOLDERS' EQUITY	5	276,276	220,070
Represented by:			
ASSETS			
Current Assets			
Cash and cash equivalents	10	10,768	2,604
Trade and other receivables	8	4,317	5,090
Investments at fair value through profit or loss	2	264,395	213,334
Current tax receivable	7	10	10
Total Current Assets		279,490	221,038
Non-current Assets			
Available-for-sale financial assets		0	91
Total Non-current Assets		0	91
TOTAL ASSETS		279,490	221,129
LIABILITIES			
Current Liabilities			
Trade and other payables	9	3,214	1,059
Total Current Liabilities		3,214	1,059
TOTAL LIABILITIES		3,214	1,059
NET ASSETS		276,276	220,070

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



A B Ryan / Chair
21 May 2018



C A Campbell / Chair of the Audit and Risk Committee
21 May 2018

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

KINGFISH LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2018

	Notes	2018 \$000	2017 \$000
Operating Activities			
Sale of investments		78,079	25,746
Interest received		236	177
Dividends received		7,516	6,658
Other income received		(10)	0
Purchase of investments		(91,068)	(28,148)
Operating expenses		(5,316)	(4,724)
Taxes paid		(39)	(38)
Net cash outflows from operating activities	10	(10,602)	(329)
Financing Activities			
Proceeds from warrants exercised		35,148	0
Share buybacks		(3,095)	0
Issue costs		0	(17)
Dividends paid (net of dividends reinvested)		(13,287)	(10,784)
Net cash inflows/(outflows) from financing activities		18,766	(10,801)
Net increase/(decrease) in cash and cash equivalents held		8,164	(11,130)
Cash and cash equivalents at beginning of the year		2,604	13,734
Cash and cash equivalents at end of the year	10	10,768	2,604

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

KINGFISH LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

NOTE 1 — BASIS OF ACCOUNTING

Reporting Entity

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

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

Basis of Preparation

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

Kingfish has reported as a Tier 1 entity under the new External Reporting Board (XRB) Accounting Standards Framework. Kingfish meets the definition of a Tier 1 entity because it is 'publicly accountable' as defined by the XRB.

The functional and reporting currency used to prepare the financial statements is New Zealand dollars, rounded to the nearest one thousand dollars.

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

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

Accounting Policies

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

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

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

Authorisation of Financial Statements

The Board of Directors authorised these financial statements for issue on 21 May 2018.

No party may change these financial statements after their issue.

Critical Judgements, Estimates and Assumptions

The preparation of financial statements requires the directors to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. There were no material estimates or assumptions required in the preparation of these financial statements.

NOTE 2 — INVESTMENTS

Kingfish has classified all its listed equity investments at fair value through profit or loss. This designation on inception is to provide more relevant information given that the investment portfolio is managed, and performance evaluated, on a fair value basis, in accordance with a documented investment strategy. Investments are initially recognised at fair value and are subsequently revalued to reflect changes in fair value. Net changes in the fair value of investments are recognised in the Statement of Comprehensive Income.

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

All purchases and sales of investments are recognised at trade date, which is the date the Company commits to purchase or sell the investment. Transaction costs are expensed as incurred.

FOR THE YEAR ENDED 31 MARCH 2018

NOTE 2 — INVESTMENTS (CONTINUED)

When an investment is sold, any gain or loss arising on the sale is included in the Statement of Comprehensive Income. Gains or losses are calculated as the difference between the sale proceeds and the carrying amount of the item.

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

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

All investments held by Kingfish are categorised as Level 1. There have been no transfers between levels of the fair value hierarchy during the year (2017: none).

	2018 \$000	2017 \$000
Investments at Fair Value through Profit or Loss		
New Zealand listed equity investments	264,395	213,334
Total investments at fair value through profit or loss	264,395	213,334

Although investments 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.

	2018 \$000	2017 \$000
Net Changes in Fair Value of Investments		
<i>Investments designated at fair value through profit or loss</i>		
New Zealand equity investments	32,608	20,663
Foreign exchange losses on equity investments	(129)	0
Total gains on designated financial assets	32,479	20,663
<i>Investments at fair value through profit or loss - held for trading</i>		
Forward foreign exchange contracts	25	0
<i>Available-for-sale financial assets</i>		
Impairment of investment	(11)	(19)
Net changes in fair value of investments	32,493	20,644

NOTE 3 — OTHER INCOME

	2018 \$000	2017 \$000
GST refunds (note 11)	2,968	0
Underwriting income	15	0
Foreign exchange losses on cash and cash equivalents	(24)	0
Total operating expenses	2,959	0

NOTE 4 — OPERATING EXPENSES

	2018 \$000	2017 \$000
Management fees (note 11)	3,348	3,131
Performance fees (note 11)	2,370	1,022
Administration services (note 11)	159	159
Directors' fees (note 11)	126	121
Custody, accounting and brokerage	702	292
Investor relations and communications	122	112
NZX fees	60	60
Professional fees	30	26
Fees paid to the auditor:		
Statutory audit and review of financial statements	38	37
Other assurance services ¹	4	6
Non assurance services ¹	6	2
Other operating expenses	31	38
Total operating expenses	6,996	5,006

¹ 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 (2017: nil).

NOTE 5 — SHAREHOLDERS EQUITY

Share Capital

Kingfish has 190,935,279 fully paid ordinary shares on issue (2017: 157,538,688). All ordinary shares are classified as equity, rank equally and have no par value. All shares carry an entitlement to dividends and one vote is attached to each fully paid ordinary share.

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.

Warrants

On 10 May 2016, 38,176,653 Kingfish warrants were allotted and listed on the NZX Main Board. One new warrant was issued to all eligible shareholders for every four shares held on record date. On 5 May 2017, 29,106,763 warrants were exercised at \$1.21 per warrant and the remaining 9,069,890 warrants lapsed.

FOR THE YEAR ENDED 31 MARCH 2018

NOTE 5 — SHAREHOLDERS EQUITY (CONTINUED)

Dividends

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

	2018 \$000	Cents per share		2017 \$000	Cents per share
29 Jun 2017	5,211	2.79	24 Jun 2016	4,105	2.69
29 Sep 2017	5,197	2.77	30 Sep 2016	4,368	2.84
22 Dec 2017	5,336	2.83	22 Dec 2016	4,511	2.91
29 Mar 2018	5,471	2.89	31 Mar 2017	4,252	2.72
	21,215	11.28		17,236	11.16

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.

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 to the five-day volume weighted average share price from the date the shares trade ex-entitlement. During the year ended 31 March 2018, 6,328,588 ordinary shares totalling \$7,927,506 (2017: 4,924,109 ordinary shares totalling \$6,452,054) 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 dividend record date.

Performance Fee Reserve

The portion of any performance fee paid in share capital is an equity share-based payment and is recognised at fair value in an equity reserve until the ordinary shares are issued. See note 11(ii) for further details.

NOTE 6 — 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.

	2018 \$000	2017 \$000
Basic earnings per share		
Profit attributable to owners of the Company	36,326	22,395
Weighted average number of ordinary shares on issue net of treasury stock ('000)	185,176	154,447
Basic earnings per share	19.62c	14.50c

	2018 \$000	2017 \$000
Diluted earnings per share		
Profit attributable to owners of the Company	36,326	22,395
Weighted average number of ordinary shares on issue net of treasury stock ('000)	185,176	154,447
Diluted effect of warrants on issue ('000)	173	3,749
Ordinary shares to be issued under performance fee arrangement ('000)	841	333
	186,190	158,529
Diluted earnings per share	19.51c	14.13c

NOTE 7 – TAXATION

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

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

A deferred tax asset of \$5,696,419 at 31 March 2018 (2017: \$5,270,050) has not been recognised as the tax structure of the Company is unlikely to lead to the utilisation of a deferred tax asset. This unrecognised deferred tax asset is reviewed annually.

	2018 \$000	2017 \$000
Taxation expense is determined as follows:		
Operating profit before tax	36,365	22,424
Non-taxable realised gain on investments	(20,191)	(10,907)
Non-taxable unrealised gain on investments	(12,189)	(9,737)
Imputation credits	2,325	1,961
Non-deductible expenditure	608	194
Taxable income	6,918	3,935
Tax at 28%	1,937	1,102
Imputation credits	(2,325)	(1,961)
Deferred tax not recognised	427	888
Total tax expense	39	29
Current tax balance		
Opening balance	10	1
Current tax expense	(39)	(29)
Tax paid	39	38
Current tax receivable	10	10

Imputation credits

The imputation credits available for subsequent reporting periods total \$559,757 (2017: \$503,755). 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 2018.

KINGFISH LIMITED

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2018

NOTE 8 — TRADE AND OTHER RECEIVABLES

Trade and other receivables are classified as loans and receivables and are initially recognised at fair value, and subsequently measured at amortised cost less any provision for impairment. Receivables are assessed on a case-by-case basis for impairment. The fair value of trade and other receivables is equivalent to their carrying amount.

	2018 \$000	2017 \$000
Dividends receivable	1,083	927
Interest receivable	1	0
Unsettled investment sales	99	4,163
Related party receivable (note 11)	3,109	0
Other receivables	25	0
Total trade and other receivables	4,317	5,090

NOTE 9 — TRADE AND OTHER PAYABLES

Trade and other payables are classified as other financial liabilities and are initially recognised at fair value, and subsequently measured at amortised cost. The fair value of trade and other payables is equivalent to their carrying amount.

	2018 \$000	2017 \$000
Related party payable (note 11)	1,563	886
Unsettled investment purchases	1,542	120
Other payables and accruals	109	53
Total trade and other payables	3,214	1,059

NOTE 10 — CASH AND CASH FLOW RECONCILIATION

Cash and Cash Equivalents

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

	2018 \$000	2017 \$000
Cash - New Zealand	10,768	2,604
Cash and Cash Equivalents	10,768	2,604

Cash Flow

The following are definitions of the terms used in the Statement of Cash Flows:

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

Reconciliation of Net Operating Profit after Tax to Net Cash Flows from Operating Activities	2018 \$000	2017 \$000
Net operating profit after tax	36,326	22,395
<i>Items not involving cash flows</i>		
Unrealised gains on revaluation of investments	(12,654)	(9,736)
	(12,654)	(9,736)
<i>Impact of changes in working capital items</i>		
Increase/(decrease) in fees and other payables	2,155	(137)
Decrease/(increase) in interest, dividends and other receivables	773	(3,536)
Change in current tax	0	(9)
	2,928	(3,682)
<i>Items relating to investments</i>		
Amount paid for purchases of investments	(91,068)	(28,148)
Amount received from sales of investments	77,999	25,410
Return of capital	80	336
Realised gains on investments	(19,841)	(10,907)
(Increase)/decrease in unsettled purchases of investments	(1,422)	(28)
(Decrease)/increase in unsettled sales of investments	(4,064)	3,618
	(38,316)	(9,719)
<i>Other</i>		
Performance fee to be settled by issue of shares	1,118	417
Expenses in relation to prior year's performance fee settled by issue of shares	(4)	(4)
	1,114	413
Net cash outflows from operating activities	(10,602)	(329)

NOTE 11 — RELATED PARTY INFORMATION

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

Transactions with related parties

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

FOR THE YEAR ENDED 31 MARCH 2018

NOTE 11 — RELATED PARTY INFORMATION (CONTINUED)

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

(ii) **Performance fee:** Fisher Funds may earn an annual performance fee of 15% of excess returns over and above the performance fee hurdle return (being the change in the NZ 90 Day Bank Bill Index plus 7%) subject to achieving the High Water Mark. In accordance with the terms of the Management Agreement, when a performance fee is earned it is paid within 30 days of the balance date and the Manager is required to apply half of the performance fee to subscribe for shares, issued at a price equal to the audited net asset value per share at balance date. Shares issued to the Manager rank equally in all respects with existing shares in Kingfish.

Performance fees paid to the Manager are 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. The component paid in cash is treated in line with a typical operating expense. See note 17 for full details of how the performance fee was settled for the year ended 31 March 2018.

(iii) **Administration fee:** Fisher Funds provides corporate administration services and a monthly fee is charged.

Fees paid and payable:	2018 \$000	2017 \$000
Fees paid to the Manager for the year ending 31 March		
Management fees	3,348	3,131
Performance fees	2,370	1,022
Administration services	159	159
Total fees paid to the Manager	5,877	4,312
Fees payable to the Manager at 31 March		
Management fees	297	267
Performance fees payable in cash	1,253	606
Administration services	13	13
Total fees payable to the Manager	1,563	886

Investments by the Manager

The Manager held shares in, and received dividends from, the Company at 31 March 2018 which total 1.42% of the total shares on issue (2017: 1.51% and 1.56% of total warrants on issue).

Investment transactions with related parties

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). Purchases for the year ended 31 March 2018 totalled \$4,009,325 (2017: \$2,513,507) and sales totalled \$3,522,356 (2017: \$1,045,395).

GST Refund

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

On 28 March 2018, Fisher Funds received confirmation from the IRD that they would receive \$3,108,799 being a refund of overcharged GST of \$2,925,926 plus use of money interest ("UOMI") of \$182,873 on the provision of investment services to Kingfish for the eight year period from 1 August 2009 to 31 July 2017. On receipt in early April, Fisher Funds passed the refund and UOMI to Kingfish.

The GST refund and UOMI receivable of \$3,108,799 from Fisher Funds has been recognised as a related party receivable in the Statement of Financial Position. In the Statement of Comprehensive Income, the portion of the GST refund relating to historical years of \$2,785,172 and UOMI of \$182,873, which totals \$2,968,045, has been recognised as other income, with the balance of \$140,754 relating to the current year recognised as a reduction in management fee expense. The GST refund and UOMI was excluded from the performance fee calculation as it was not generated by investment activity.

Directors

The directors of Kingfish are the only key management personnel and they earn a fee for their services. The directors' fee pool increased from \$105,000 to \$125,000 (plus GST if any) per annum on 1 August 2017. The amount paid to directors is disclosed in note 4 under directors' fees (currently only independent directors earn a director's fee).

NOTE 12 — FINANCIAL RISK MANAGEMENT

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

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

Price risk is the risk of gains or losses from changes in the market price of investments. The Company is exposed to the risk of fluctuations in the underlying value of its listed portfolio companies. The following companies individually comprise more than 10% of Kingfish's total assets at 31 March:

	2018	2017
Mainfreight	12%	13%
Fisher and Paykel Healthcare	12%	12%

Interest Rate Risk

Interest rate risk is the risk of movements in local interest rates. The Company is therefore exposed to the risk of gains or losses or changes in interest income from movements in local interest rates. There is no hedge against the risk of movements in interest rates.

Currency Risk

Currency risk is the risk that the fair value or future cash flows of an investment will fluctuate because of changes in foreign exchange rates. The Company generally holds assets denominated in New Zealand dollars and is therefore not directly exposed to currency risk. The portfolio companies that Kingfish invests in may be affected by currency risk that may impact on the market value of the underlying portfolio company.

NOTE 12 — FINANCIAL RISK MANAGEMENT (CONTINUED)

Following the migration to a sole listing of Xero on the ASX at the start of February 2018, and up until its disposal in March 2018, Kingfish was temporarily exposed to currency risk as the value of Xero was denominated in Australian dollars. The Manager partially mitigated this risk through the use of a forward foreign exchange contract.

Sensitivity Analysis

The table below summarises the impact on net operating profit after tax and shareholders' equity to reasonably possible changes in the carrying value of financial instruments to market risk exposure at 31 March as follows:

		2018 \$000	2017 \$000
Price risk¹			
Investments at fair value (listed)	Carrying value	264,395	213,334
	Impact of a 10% change in market prices: +/-	26,440	21,333
Available-for-sale (unlisted)	Carrying value	0	91
	Impact of a 10% change in market prices: +/-	0	0
Interest rate risk²			
Cash and cash equivalents	Carrying value	10,768	2,604
	Impact of a 1% change in interest rates: +/-	108	26

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

² A variable of 1% was selected as this is a reasonably expected movement based on past overnight cash rate movements. The percentage movement for the interest rate sensitivity relates to an absolute change in the interest rate rather than a percentage change in interest rate.

Credit Risk

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

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

Listed securities are held by an independent custodian, Trustees Executors Limited. All transactions in listed securities are paid for on delivery according to standard settlement instructions. The Company invests cash with banks registered in New Zealand and Australia which carry a minimum short-term credit rating of S&P A-1+ (or equivalent).

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

Liquidity Risk

Liquidity risk is the risk that the assets held by the Company cannot readily be converted to cash in order to meet the Company's financial obligations as they fall due. The Company endeavours to invest the proceeds from the issue of shares in appropriate investments while maintaining sufficient liquidity (through daily cash monitoring) to meet working capital and investment requirements.

Liquidity to fund investment requirements can be augmented through the procurement of a debt facility from a registered bank to a maximum value of 20% of the gross asset value of the Company. There were no such debt facilities at 31 March 2018 (2017: nil).

NOTE 13 — CAPITAL RISK MANAGEMENT

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

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

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

Since announcing a long-term distribution policy in June 2009, the Company continues to pay 2% of average net asset value each quarter.

NOTE 14 — NET ASSET VALUE

The audited net asset value of Kingfish as at 31 March 2018 was \$1.45 per share (2017: \$1.40) calculated as the net assets of \$276,275,597 divided by the number of shares on issue of 190,935,279.

NOTE 15 — COMMITMENTS AND CONTINGENT LIABILITIES

There were no unrecognised contractual commitments or contingent liabilities as at 31 March 2018 (2017: nil).

NOTE 16 — FINANCIAL REPORTING BY SEGMENTS

The Company operates in the New Zealand investment industry.

The Company is managed as a whole and is considered to have a single operating segment. There is no further division of the Company or internal segment reporting used by the Directors when making strategic, investment or resource allocation decisions.

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

NOTE 17 — SUBSEQUENT EVENTS

- (i) In accordance with the terms of the Management Agreement, Kingfish settled the performance fee due to Fisher Funds of \$2,468,689 (including GST) relating to the year ended 31 March 2018 on 23 April 2018 as follows:
1. Fisher Funds used half of the performance fee (excluding GST) to subscribe for Kingfish ordinary shares at the audited 31 March 2018 net asset value per share of \$1.45 (rounded to two decimal places). Accordingly, Kingfish issued 840,523 ordinary shares totalling \$1,216,103; and
 2. The balance of \$1,252,586 (including GST) was paid in cash to Fisher Funds.
- (ii) A post balance date adjustment of \$98,299 was made to reduce the cost of the performance fee, to recognise the difference between audited 31 March 2018 net asset value per share (\$1.45) and the share price on 23 April 2018 when the performance fee was paid to Fisher Funds (\$1.33); and
- (iii) The Board declared a dividend of 2.89 cents per share on 21 May 2018. The record date for this dividend is 14 June 2018 with a payment date of 29 June 2018.

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

Our opinion

In our opinion, the financial statements of Kingfish Limited (the Company), present fairly, in all material respects, the financial position of the Company as at 31 March 2018, its financial performance and its cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and International Financial Reporting Standards (IFRS).

Basis for opinion

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

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

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

Our firm carries out other services for the Company in the area of assurance services relating to share and warrant register audits and agreed upon procedures relating to the annual shareholder meeting count of votes and performance fee calculation. The provision of these 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: \$1,381,300, which represents approximately 0.5% of the net assets. We used this benchmark because, in our view the 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.

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

Materiality

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

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

Audit scope

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

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

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

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

Key audit matter

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. Given the nature of the Company, we have one key audit matter: valuation and existence of investments 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
<p><i>Valuation and existence of investments at fair value through profit or loss</i></p> <p>Investments at fair value through profit or loss (the investments) are valued at \$264.4 million and represent 95% of total assets.</p> <p>Further disclosures on the investments are included at note 2 to the financial statements.</p> <p>This was an area of focus for our audit and an area where significant audit effort was directed.</p> <p>As at 31 March 2018, all investments are in companies that were listed on the NZX Main Board and were actively traded with readily available, quoted market prices.</p> <p>All investments are held by the Custodian on behalf of the Company and administered by the Administrator.</p>	<p>Our audit procedures included updating our understanding of the business processes employed by the Company for accounting for, and valuing, their investment portfolio.</p> <p>We obtained confirmation from the Custodian that the company was the recorded owner of all the recorded investments.</p> <p>We obtained copies of and assessed the Administrator's and Custodian's Internal Controls Reports for Custody, Investment Accounting and Registry services for the periods ended 30 September 2017 and 31 March 2018.</p> <p>We agreed the price for all investments held at 31 March 2018 to independent third party pricing sources.</p> <p>We had no matters arising from the procedures performed.</p>

Information other than the financial statements and auditor's report

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

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

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

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

Responsibilities of the Directors for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

This description forms part of our auditor's report.

Who we report to

This report is made solely to the Company's shareholders, as a body. Our audit work has been undertaken so that we might state those matters which we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders, as a body, for our audit work, for this report or for the opinions we have formed.

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

For and on behalf of:



Chartered Accountants
21 May 2018

Auckland

SHAREHOLDER INFORMATION

SPREAD OF SHAREHOLDERS AS AT 11 MAY 2018

Holding Range	# of Shareholders	# of Shares	% of total
1 to 999	279	130,488	0.1
1,000 to 4,999	878	2,459,969	1.3
5,000 to 9,999	843	5,965,979	3.1
10,000 to 49,999	2,137	48,688,940	25.4
50,000 to 99,999	443	30,418,764	15.9
100,000 to 499,999	311	58,777,401	30.6
500,000 +	37	45,334,261	23.6
TOTAL	4,928	191,775,802	100.0

20 LARGEST SHAREHOLDERS AS AT 11 MAY 2018

	# of Shares	% of Total
ASB NOMINEES LIMITED <ACCOUNT 340941 - ML>	4,902,030	2.56
ASB NOMINEES LIMITED <339992 A/C>	3,551,069	1.85
CUSTODIAL SERVICES LIMITED <A/C 6>	3,186,848	1.66
CUSTODIAL SERVICES LIMITED <A/C 4>	2,523,833	1.32
STEPHEN JAMES THORNTON + BERNARDINA ALEIDA MARIA SCHOLTEN + MACALISTER MAZENGARB TRUST COMPANY LIMITED <THE THORNTON-SCHOLTEN FAMILY A>	2,123,494	1.11
FNZ CUSTODIANS LIMITED	2,107,081	1.10
INVESTMENT CUSTODIAL SERVICES LIMITED <A/C C>	1,849,212	0.96
MICHAEL JOHN EDGAR + SUSAN MARGARET NEMEC + CHARTERHALL TRUSTEES LIMITED <EDGAR-NEMEC FAMILY A/C>	1,626,145	0.85
FORSYTH BARR CUSTODIANS LIMITED <I-CUSTODY>	1,365,342	0.71
MURRAY JOHN LOMBARD ALDRIDGE + LESLEY ANN ALDRIDGE + NICHOLAS CORPORATE TRUSTEE CO LTD <ALDRIDGE FAMILY A/C>	1,277,139	0.67
ALOK DHIR	1,250,000	0.65
CUSTODIAL SERVICES LIMITED <A/C 3>	1,202,278	0.63
DAVID ROBERT APPLEBY + PRUDENCE JANE COTTER <DAVID APPLEBY INVESTMENT A/C>	1,200,000	0.63
CUSTODIAL SERVICES LIMITED <A/C 2>	1,042,773	0.54
LLOYD JAMES CHRISTIE	975,504	0.51
PAMELA JEAN GILLIES	965,000	0.50
STEPHEN THOMAS WRIGHT	899,950	0.47
ALBERT JOHN HARWOOD + MARLENE MARY HARWOOD	825,000	0.43
VANI KAPOOR	818,353	0.43
RODERICK GERALD ADE + SHIRLEY ANNE ADE + TANI LOUISE HANSEN <R G & S A ADE FAMILY A/C>	805,525	0.42
TOTAL	34,496,576	18.00

STATUTORY INFORMATION

DIRECTORS' RELEVANT INTERESTS IN EQUITY SECURITIES AT 31 MARCH 2018

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 2018 are as follows:

	Ordinary Shares	
	Held Directly	Held by Associated Persons
A B Ryan ⁽¹⁾	31,852	
C M Fisher ⁽²⁾		4,902,030
C A Campbell ⁽³⁾	20,167	
R A Coupe ⁽⁴⁾	18,266	

⁽¹⁾ A B Ryan purchased 3,041 shares in the year ended 31 March 2018 on market as per the terms of the share purchase plan (purchase price \$1.31). A B Ryan received 2,702 shares in the year ended 31 March 2018, issued under the dividend reinvestment plan (average issue price \$1.26). A B Ryan exercised 4,298 warrants and was issued 4,298 ordinary shares in the year ended 31 March 2018.

⁽²⁾ Associated persons of C M Fisher exercised 980,406 warrants and were issued 980,406 ordinary shares in the year ended 31 March 2018.

⁽³⁾ C A Campbell purchased 2,470 shares in the year ended 31 March 2018 on market as per the terms of the share purchase plan (purchase price \$1.31). C A Campbell received 1,711 shares in the year ended 31 March 2018, issued under the dividend reinvestment plan (average issue price \$1.26). C A Campbell exercised 2,515 warrants and was issued 2,515 ordinary shares in the year ended 31 March 2018.

⁽⁴⁾ R A Coupe purchased 2,470 shares in the year ended 31 March 2018 on market as per the terms of the share purchase plan (purchase price \$1.31). R A Coupe received 1,549 shares in the year ended 31 March 2018, issued under the dividend reinvestment plan (average issue price \$1.26). R A Coupe exercised 2,190 warrants and was issued 2,190 ordinary shares in the year ended 31 March 2018.

DIRECTORS HOLDING OFFICE

Kingfish's directors as at 31 March 2018 were:

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

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

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

DIRECTORS' 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.

STATUTORY INFORMATION CONTINUED

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 2018:

A B Ryan	Barramundi Limited	Director
	Marlin Global Limited	Director
	Christchurch Casinos Limited	Director
	Metlifecare Limited	Director
	Evolve Education Group Limited	Chair
	Kiwibank Limited	Director
	Audit Oversight Committee	Member
C M Fisher	Barramundi Limited	Director
	Marlin Global Limited	Director
	Fisher Funds Management Limited	Director
	New Zealand Trade & Enterprise	Director
C A Campbell	Barramundi Limited	Director
	Marlin Global Limited	Director
	T&G Global Limited	Director
	Hick Bros Holdings Limited & subsidiary companies	Director
	Woodford Properties Limited	Director
	alphaXRT Limited	Director
	New Zealand Post Limited	Director
	Key Assets Foundation	Trustee
	Key Assets NZ Limited	Director
	Kiwibank Limited	Director
	NPT Limited	Director
	NZME Limited	Director
	Nica Consulting Limited	Director
	Cord Bank Limited	Director
	T&G Insurance Limited	Director
Bankside Chambers Limited	Director	
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
	Television New Zealand Limited	Director

AUDITOR'S REMUNERATION

During the 31 March 2018 year the following amounts were paid/payable to the auditor, PricewaterhouseCoopers New Zealand.

	\$000
Statutory audit and review of financial statements	38
Other assurance services	4
Non assurance services	6

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 2018.

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

Jody Kaye

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

Kingfish Limited, 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.



KINGFISH

LANDING TOMORROW'S TROPHIES