

30 SEPTEMBER

2016

interim report



Contents

03	Directors' Overview
08	Manager's Report
14	Independent Review Report
15	Statement of Comprehensive Income
16	Statement of Changes in Equity
17	Statement of Financial Position
18	Statement of Cash Flows
19	Notes to the Interim Financial Statements
27	Directory

Upcoming Events to 31 March 2017

Dividend Payment

22 December 2016

December Quarter Update Newsletter

February 2017

Financial Year End

31 March 2017

This report is dated 6 December 2016 and is signed on behalf of the Board of Kingfish Limited by Alistair Ryan, Chairman, and Carmel Fisher, Director.

Alistair Ryan
Chairman

Carmel Fisher
Director

The interim 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 interim 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.

Directors' Overview

The New Zealand share market continued its strong upward trend, with the S&P/NZX50G Index up 9.0% for the six months to 30 September 2016. The Kingfish portfolio outperformed the Index over the same period with a strong result of 13.0%*.

First Half Result (6 months ended 30 September 2016)

The excellent net profit result of \$23.4m for the first half of the 2017 financial year is a significant turnaround from the net loss of \$2.9m in the corresponding period last year. Each result reflected the performance of the broader New Zealand share market and it was pleasing to note the Manager was able to generate portfolio returns ahead of the market in both periods.

Total shareholder return, which includes the change in the share price, dividends paid per share and the impact of warrants was 9.4% for the six months.

12 Month Result (12 months ended 30 September 2016)

Kingfish continued its very strong second half performance from the 2016 financial year into the first half of the 2017 financial year. The net profit of \$48.8m was an exceptional result for the 12 month period ended 30 September 2016 and significantly ahead of the \$4.8m profit in the corresponding period a year earlier.

For the 12 months ended 30 September 2016, shareholders enjoyed a total shareholder return of 22.3%, including 10.76 cents per share in dividends.

Five-Year Summary

Figure 1 (on page 6) summarises the five-year performance history for the six month periods ended 30 September 2012-2016. The summary shows that in each of the last five periods to 30 September, the Manager has consistently achieved returns in excess of the market.

Share Price and Dividends

Kingfish's share price closed at \$1.36 on 30 September 2016, up from \$1.31 on 31 March 2016 after having paid 5.53 cents per share in dividends over the six-month period (2.69 cents per share on 24 June and 2.84 cents per share on 30 September dividends).

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

*Alistair Ryan,
Chairman.*



Kingfish continues to distribute 2.0% of average net asset value per quarter and the next dividend of 2.91 cents per share will be paid on 22 December 2016 with a record date of 8 December 2016.

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

Shareholders who invested \$1 per share when Kingfish listed in March 2004 have now received back \$0.88 per share in dividends and those shares were each worth \$1.36 at 30 September 2016. Those shareholders who have reinvested their dividends and exercised their warrants have received a total shareholder return of 222% since inception, equivalent to 9.8% on an annualised per annum basis.

Figure 2 (on page 7) tracks the Kingfish share price and total shareholder return since inception.

Revenues and Expenses

The key components of the first half result were gains on investments of \$23.2m, dividend and interest income of \$3.8m less operating expenses and tax of \$3.6m.

Operating expenses were higher than the corresponding period due to an increase in the portfolio's gross asset value (GAV) from which the management fee is calculated (1.25% of GAV) and a performance fee of \$1.5m has been accrued for the Manager's performance for the six months to 30 September 2016. This performance fee will only be payable if the performance criteria are met for the whole year to 31 March 2017.

Warrants

On 19 April 2016, the Kingfish Board announced it would undertake a pro-rata warrant issue as part of its capital management programme.

Shareholders were issued one warrant for every four shares held on 9 May 2016. The warrants give holders the right to purchase additional Kingfish shares on 5 May 2017 at an exercise price of \$1.32, adjusted down for dividends declared between 9 May 2016 and 5 May 2017 (currently anticipated to be four quarterly dividends). The final exercise price will be announced and an exercise form provided in April 2017. Warrants are listed on the NZX Main Board and can be bought or sold independently of Kingfish shares.

People

Fisher Funds' Senior Portfolio Manager Murray Brown retired in October. Murray managed the Kingfish portfolio for 8 years delivering solid growth and competitive returns to investors, through a well executed investment strategy. The Kingfish board wishes Murray all the best for his future. After a comprehensive search, Fisher Funds is pleased to announce the appointment of Sam Dickie who will be responsible for managing the Kingfish portfolio from early next year.

Conclusion

The six months to 30 September 2016 was a good period for the New Zealand market and even better for the Kingfish portfolio.

Since then, we have seen more volatility in equity markets, driven by uncertainty about the US election and signals of increasing global interest rates. Higher international interest rates can be expected to have the flow on effect of dampening international demand for New Zealand shares and particularly large, high yielding companies that have been attractive to international investors. The Kingfish portfolio focuses on growth companies rather than mature businesses that typically pay high dividends and we are confident that the portfolio is well placed to handle rises in international interest rates. Further details of the Kingfish portfolio are discussed in the Manager's Review.

On behalf of the Board,



Alistair Ryan

Chairman

Kingfish Limited

6 December 2016

Figure 1: Five Year Performance Summary

Corporate Performance

Six month period ended 30 September	2016	2015	2014	2013	2012
Total Shareholder Return ¹	9.4%	(7.6%)	6.7%	13.1%	19.1%
Dividend Return	4.2%	3.9%	4.2%	4.3%	4.8%
Basic Earnings per Share	15.27cps	(2.37cps)	3.49cps	12.92cps	11.64cps
Adjusted NAV Return ¹	11.1%	(1.8%)	2.0%	9.4%	10.6%

As at 30 September	2016	2015	2014	2013	2012
NAV ¹	\$1.46	\$1.26	\$1.33	\$1.31	\$1.15
Adjusted NAV ¹	\$3.52	\$2.76	\$2.68	\$2.43	\$1.97
Share Price	\$1.36	\$1.23	\$1.31	\$1.27	\$1.05
Warrant Price	\$0.06	\$0.04	n/a	n/a	n/a
Share Price Discount to NAV (including warrant price on pro-rated basis)	6.0%	2.0%	1.7%	2.9%	8.6%

Manager Performance

Six month period ended 30 September	2016	2015	2014	2013	2012
Gross Performance ²	13.0%	(0.9%)	3.6%	11.7%	12.5%
S&P/NZX50G Index	9.0%	(4.1%)	2.2%	7.1%	9.2%
Performance fee hurdle / Benchmark Rate (Bank Bill Index +3.5%) ³	4.7%	5.2%	5.2%	4.8%	4.8%

¹ Reviewed by an independent actuary.

² Gross of fees and tax and adjusting for capital management initiatives.

³ NZ 90 Day Bank Bill Index plus 3.5% (half the performance fee hurdle). The annual performance benchmark hurdle is the change in the NZ 90 Day Bank Bill Index plus 7%. For the purposes of this five year performance summary, the hurdle has been calculated at half the annual rate (3.5%) for the interim periods.

Comparative information

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

Definitions of non-GAAP measures:

Adjusted Net Asset Value (NAV)

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

» the impact of shares issued under the dividend reinvestment plan at the discounted reinvestment price;

- » shares bought on-market (share buybacks) at a price different to the NAV, and;
- » warrants exercised at a price different to the NAV at the time exercised.

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

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

Total Shareholder Return (TSR)

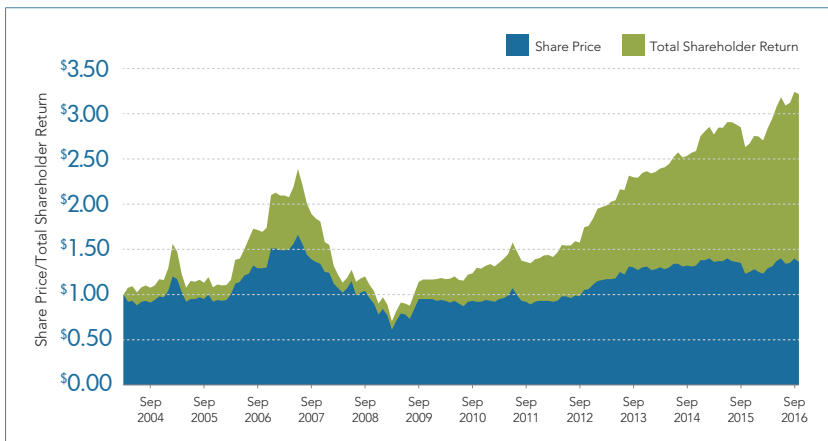
The TSR combines the share price performance, the warrant price performance (when warrants are on issue), the net value of converting warrants into shares and dividends paid to shareholders.

TSR assumes:

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

The directors believe this metric to be useful as it reflects the return of an investor who reinvests their dividends and, if in the money, exercises their warrants at warrant maturity date for additional shares. No metric has been included for investors who choose other investment options.

Figure 2: Total Shareholder Return



Manager's Report

Global equity markets moved higher during the six months ended 30 September 2016, although the Brexit referendum caused significant volatility along the way. In this environment New Zealand's strong economy and high dividend yielding companies proved attractive to foreign investors, providing the backdrop for a strong domestic share market. Kingfish advanced 13.0%* over this period on a gross basis, ahead of the S&P/NZX50G Index which was up 9.0%.

Portfolio Commentary

Abano Healthcare is a well-run business with significant room to grow as it rolls out its proven corporate dental model across the Tasman. The sale of its audiology business for \$32m in June has provided it with further firepower to pursue its goal of attaining a 10% share of the \$11 billion trans-Tasman dental market through the acquisition, rebranding and improvement of dental clinics.

Auckland International Airport continues to benefit from growing tourist numbers, with tourism recently surpassing the dairy sector as the nation's top export earner. More airlines and larger planes flying more frequently means the airport must continue to lift its infrastructure spend to support this growth. This investment, combined with strong passenger growth, is driving increased aeronautical and retail revenues.

Delegats' capex hump is now largely behind it following the completion of its new winery in the Hawke's Bay, the extension of its existing winery in Marlborough and vineyard purchases to meet future grape demand in New Zealand and the Barossa Valley. This positions the company well to deliver on its plans to increase case sales of its super premium wine by around 7% per annum over the next five years.

EBOS is a best-in-class Australasian healthcare and animal care products distributor. It continues to extract strong cash-flow from its businesses and uses this to make value accretive bolt-on acquisitions. The company has guided to a further 7-10% growth in earnings in the current year, although based on management's track record this may be conservative.

Fisher & Paykel Healthcare continues to deliver solid revenue growth in both its Homecare and Respiratory and Acute Care divisions. The company's recent investor day showcased its facilities in Mexico, which underpin further margin expansion given the lower cost of production and proximity to US customers. Fisher & Paykel Healthcare recently sued rival Resmed (and has been counter-sued) over disputes around alleged patent infringements. Whilst the litigation could be messy and distracting, the overall impact on earnings is likely to be minor.

Freightways is seeing good growth in its express package business, which is benefiting from a strong domestic economy and ecommerce. Whilst earnings this year will be

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

impacted by increased investment in its facilities to provide capacity for the future, the outlook for earnings growth next year is looking increasingly positive.

Infratil has had a busy six months in terms of corporate activity. They have overseen the spin-off of Tilt Renewables by Trustpower (51% controlled by Infratil), as well as acquired a 48% stake in Canberra Data Centres, and a 50% interest in student residences at the Australian National University. These new platforms provide Infratil with the opportunity to reinvest cash flow from its cash generative Trustpower and Wellington Airport businesses into opportunities with greater growth potential.

Mainfreight has recently opened its new logistics facility in Melbourne. Having toured the facility and met management of Mainfreight's Australian, US and European operations we believe they have a strong platform from which to drive long run growth. Mainfreight is a well-run New Zealand business, with a long track record of value creation for shareholders.

Meridian has been the best performer of the three New Zealand electricity generators privatised in 2013 and 2014. Meridian is an efficiently managed business that generates significant free cash flow for shareholders. Furthermore, industry supply dynamics have improved materially over the last 18 months, with competitors closing two gas-fired power stations.

Metro Performance Glass is well placed to benefit from Auckland's Unitary Plan given its dominant market position in supplying glass to the residential housing market. Its new plant in Auckland is achieving good utilisation, which should drive economies of scale benefits and margin expansion over the medium term.

Michael Hill International shares have been significantly re-rated over the last six months following its change of main board listing to the ASX. It continues to record same-store sales growth in its major markets and the Emma & Roe chain provides an avenue for meaningful future growth. As an increasing share of its growth comes from the North American market and the new Emma & Roe concept, execution will be extremely important.

NZX's earnings have struggled to grow despite a buoyant capital market. New initiatives such as its NXT market and equity options have not achieved their aims, whilst its dairy publication businesses have been in decline. Against this backdrop we were reducing our holding in the first half of the 2017 financial year.

*Murray Brown,
Senior Portfolio Manager.*



Port of Tauranga has just concluded a major \$350 million investment phase, including dredging the harbour and adding more cranes to allow the port to service significantly larger ships. Port of Tauranga recently announced a new Maersk service for a 9,500 TEU (twenty foot equivalent unit) container ship, double the size of the next largest ship that had previously serviced the port. Larger ships will help reduce transport costs for New Zealand exporters and drive volume growth for Port of Tauranga.

Restaurant Brands has had an eventful six months, with the acquisition of 42 KFC stores in New South Wales for A\$82 million closing in April. This acquisition provides it with a strong foothold in Australia, from which it plans to further consolidate the market. Since 30 September, the company has announced the acquisition of 37 Taco Bell and 45 Pizza Hut stores, predominately in Hawaii. These stores are highly profitable and provide another avenue for growth.

Ryman Healthcare continues to deliver on its medium term goal of 15% annual growth in underlying profit, supported by a record build rate and four village openings in the 2016 financial year. Ryman plans to materially lift its build rate again over the next four years, with the target of opening five villages in Melbourne by 2020. After a busy period searching for appropriate sites, it has recently acquired the fifth site in Melbourne, positioning it well to deliver on this goal.

Summerset was again one of the top performers in the portfolio. Summerset has continued to increase its build rate with 400 retirement units planned for the current year, up over 30% on 2015. The increased rate of development and strong house price growth (supporting resale gains) has seen management recently increase guidance for underlying earnings growth to more than 40% for 2016.

Tegel was added to the Kingfish portfolio in May and received a welcome boost in August when Australia announced its decision to allow imports of all chicken from New Zealand, not just cooked chicken as per the existing regulations. This boost was not to last however, with a temporary oversupply of chicken and weak domestic poultry prices impacting Tegel's shares late in the period.

Trade Me's investment in its website and mobile offering, combined with a focus on increasing listing volumes, has resulted in an acceleration in merchandise sales in 2016. This combined with double digit growth in its classifieds business (Property, Motors and Jobs) drove strong full year results and an upbeat outlook for the year ahead.

Vista continues to go from strength to strength as it takes share in the global cinema management software market. Vista continues to add new customers at a rapid pace, while growing its profitability and generating strong cash flow — something not always the norm for software businesses. In addition to adding new customers, Vista continues to develop new modules and increase its revenue per customer. Vista is a rare business in the New Zealand market, with a target of growing revenue by 20%+ per annum over the medium term.

Unlisted **Waterman** has sold its last remaining investment (David Reid Homes) and will wind the company up over the next 6-12 months. Waterman has been a successful but small investment for Kingfish over a 10 year period.

Z Energy continues to benefit from the integration of Chevron's New Zealand operations. At its recent investor day 'Z' increased the forecast synergies from the Chevron acquisition and highlighted growth opportunities in the jet fuel market on the back of strong tourist numbers.

Portfolio Changes

After selling our holdings in **Opus International Consulting** and **Sky Network TV** last year there were no exits from the portfolio in the first half of the 2017 financial year. Although there were no exits, we added two new companies to the portfolio during first half of the year, **Tegel** and **Z Energy**.

Tegel is the leader in a consolidated domestic poultry market and is protected from import competition by New Zealand's strict bio-security laws. Tegel has delivered steady growth in recent years on the back of an increasing preference for chicken over red meat, and from the export of New Zealand chicken to quick-service restaurants in Australia. The recent opening of the Australian fresh chicken market and exports to the Middle East and Asia provide growth opportunities over the medium term.

Z Energy was added to the portfolio in April 2016 prior to the Commerce Commission approval of its acquisition of Chevron New Zealand, which supplies around 150 Caltex service stations nationwide. Z has a highly regarded management team who have delivered strong earnings growth in a challenging environment.

Synergies from the integration of Caltex, combined with ongoing operational improvements at Z, are expected to drive continued earnings growth over the next few years.

Outlook

During the half year we saw a continuation of last year's stellar run in the New Zealand share market, driven by the ongoing 'hunt for yield' and the attractiveness of our economy and share market to foreign investors. However, since the 30 September interim balance date there has been a slight shift in sentiment, with increasing global interest rates dampening this hunt for yield somewhat and resulting in a moderate market correction after a seven year bull run. The recent US election also added to market volatility.

*Ashley Gardyne,
Senior Investment Analyst.*



Manager's Report continued

Despite this recent share market turbulence, the New Zealand economy and corporate sector are performing well. A weak dairy sector seems to have had limited impact, with economic growth recently hitting 3.6%, the unemployment rate (4.9%) at levels not seen since before the global financial crisis, and buoyant housing and construction markets.

Whilst we have seen a slight pullback in share prices, we are comfortable with our select portfolio of quality businesses and believe it will perform well over the medium to long term.



Murray Brown
Senior Portfolio Manager
Fisher Funds Management Limited



Ashley Gardyne
Senior Investment Analyst
Fisher Funds Management Limited
6 December 2016

Portfolio Holdings Summary as at 30 September 2016

Listed Companies	% Holding
Abano Healthcare Group	2.9%
Auckland International Airport	3.3%
Delegat Group	2.7%
EBOS Group	5.6%
Fisher & Paykel Healthcare	9.0%
Freightways	8.1%
Infratil	6.8%
Mainfreight	10.7%
Meridian Energy	3.5%
Metro Performance Glass	2.8%
Michael Hill International	3.4%
NZX	1.2%
Port of Tauranga	4.4%
Restaurant Brands NZ	4.0%
Ryman Healthcare	10.5%
Summerset Group Holdings	6.1%
Tegel Group Holdings	2.1%
Trade Me Group	3.4%
Vista Group International	3.5%
Z Energy	2.0%
Non-listed Company	
Waterman Holdings	0.0%
Equity Total	96.0%
New Zealand dollar cash	4.0%
TOTAL	100.0%



Independent Review Report

to the shareholders of Kingfish Limited

Report on the Interim Financial Statements

We have reviewed the accompanying financial statements of Kingfish Limited (the "Company") on pages 15 to 26, which comprise the statement of financial position as at 30 September 2016, and the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the period ended on that date, and a summary of significant accounting policies and selected explanatory notes.

Directors' Responsibility for the Financial Statements

The Directors are responsible on behalf of the Company for the preparation and presentation of these financial statements in accordance with New Zealand Equivalent to International Accounting Standard 34 *Interim Financial Reporting* (NZ IAS 34) and for such internal controls as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Our Responsibility

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with the New Zealand Standard on Review Engagements 2410 *Review of Financial Statements Performed by the Independent Auditor of the Entity* (NZ SRE 2410). NZ SRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the financial statements, taken as a whole, are not prepared in all material respects, in accordance with NZ IAS 34. As the auditors of the Company, NZ SRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial statements.

A review of financial statements in accordance with NZ SRE 2410 is a limited assurance engagement. The auditors perform procedures, primarily consisting of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (New Zealand) and International Standards on Auditing. Accordingly we do not express an audit opinion on these financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that these financial statements of the Company are not prepared, in all material respects, in accordance with NZ IAS 34.

Restriction on Distribution or Use

This report is made solely to the Company's shareholders, as a body. Our review work has been undertaken so that we might state to the Company's shareholders those matters which we are required to state to them in our review 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 shareholders, as a body, for our review procedures, for this report, or for the conclusion we have formed.

For and on behalf of:

Chartered Accountants
21 November 2016

Auckland

PricewaterhouseCoopers, 188 Quay Street, Private Bag 92162, Auckland 1142, New Zealand
T: +64 9 355 8000, F: +64 9 355 8001, pwc.co.nz

Statement of Comprehensive Income

For the six months ended 30 September 2016

	Notes	6 months ended 30/09/16 unaudited \$'000	6 months ended 30/09/15 unaudited \$'000
Interest income		131	187
Dividend income		3,624	3,066
Net changes in fair value of investments	1 (i)	23,193	(4,774)
Total net income		26,948	(1,521)
Operating expenses	1 (ii)	3,541	1,407
Operating profit/(loss) before tax		23,407	(2,928)
Tax expense		12	11
Net operating profit/(loss) after tax attributable to shareholders		23,395	(2,939)
Other comprehensive income/(loss)			
<i>Items that may be reclassified to profit or loss:</i>			
Change in the value of available-for-sale financial assets		0	33
<i>Items that will not be reclassified to profit or loss:</i>			
Impairment of available-for-sale financial asset		(289)	0
Total comprehensive profit/(loss) after tax attributable to shareholders		23,106	(2,906)
Earnings per share			
Basic earnings per share			
Profit/(loss) attributable to owners of the company (\$'000)		23,395	(2,939)
Weighted average number of ordinary shares on issue net of treasury stock ('000)		153,173	124,244
Basic earnings per share		15.27c	(2.37c)
Diluted earnings per share			
Profit/(loss) attributable to owners of the company (\$'000)		23,395	(2,939)
Weighted average number of ordinary shares on issue net of treasury stock ('000)		153,173	124,244
Diluted effect of warrants on issue		2,040	0
		155,213	124,244
Diluted earnings per share		15.07c	(2.37c)

The Notes to the Interim Financial Statements set out on pages 19 to 26 should be read in conjunction with this Statement of Comprehensive Income.

KINGFISH LIMITED

Statement of Changes in Equity**For the six months ended 30 September 2016**

Notes	<i>Attributable to shareholders of the company</i>				
	Share Capital \$000	Available-for-sale Reserve \$000	Performance Fee Reserve \$000	Retained Earnings \$000	Total Equity \$000
Balance at 1 April 2015 (audited)	123,821	269	0	41,756	165,846
Comprehensive loss					
Loss for the period	0	0	0	(2,939)	(2,939)
Other comprehensive income	0	33	0	0	33
Total comprehensive income/(loss) for the period ended 30 September 2015	0	33	0	(2,939)	(2,906)
Transactions with owners					
Dividends paid 2	0	0	0	(6,670)	(6,670)
Dividends reinvested	2,575	0	0	0	2,575
Total transactions with owners for the period ended 30 September 2015	2,575	0	0	(6,670)	(4,095)
Balance at 30 September 2015 (unaudited)	126,396	302	0	32,147	158,845
Balance at 1 April 2016 (audited)	157,691	289	607	49,765	208,352
Comprehensive income					
Profit for the period	0	0	0	23,395	23,395
Other comprehensive income/(loss)	0	(289)	0	0	(289)
Total comprehensive income/(loss) for the period ended 30 September 2016	0	(289)	0	23,395	23,106
Transactions with owners					
Prior year Manager's performance fee settled with ordinary shares 2	603	0	(607)	0	(4)
Current period Manager's performance fee to be settled with ordinary shares	0	0	661	0	661
Warrant issue costs 2	(17)	0	0	0	(17)
Dividends paid 2	0	0	0	(8,476)	(8,476)
Dividends reinvested 2	3,217	0	0	0	3,217
Total transactions with owners for the period ended 30 September 2016	3,803	0	54	(8,476)	(4,619)
Balance at 30 September 2016 (unaudited)	161,494	0	661	64,684	226,839

The Notes to the Interim Financial Statements set out on pages 19 to 26 should be read in conjunction with this Statement of Changes in Equity.

Statement of Financial Position

as at 30 September 2016

	Notes	30/09/16 unaudited \$'000	31/03/16 audited \$'000
ASSETS			
Current Assets			
Cash and cash equivalents		7,433	13,734
Trade and other receivables		1,642	1,554
Investments at fair value through profit or loss	3	218,884	193,524
Available-for-sale financial assets	4	91	735
Current tax receivable		1	1
Total Current Assets		228,051	209,548
TOTAL ASSETS		228,051	209,548
LIABILITIES			
Current Liabilities			
Trade and other payables	6	1,212	1,196
Total Current Liabilities		1,212	1,196
TOTAL LIABILITIES		1,212	1,196
EQUITY			
Share capital	2	161,494	157,691
Available-for-sale reserve	4(iii)	0	289
Performance fee reserve	6	661	607
Retained earnings		64,684	49,765
TOTAL EQUITY		226,839	208,352
TOTAL EQUITY AND LIABILITIES		228,051	209,548

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



A B Ryan
Chairman
21 November 2016



C A Campbell
Chair of the Audit and Risk Committee
21 November 2016

The Notes to the Interim Financial Statements set out on pages 19 to 26 should be read in conjunction with this Statement of Financial Position.

KINGFISH LIMITED

Statement of Cash Flows**For the six months ended 30 September 2016**

	Notes	6 months ended 30/09/16 unaudited \$000	6 months ended 30/09/15 unaudited \$000
Operating Activities			
<i>Cash was provided from:</i>			
- Sale of investments		15,098	15,582
- Interest received		130	186
- Dividends received		3,008	2,603
<i>Cash was applied to:</i>			
- Purchase of investments		(16,494)	(13,552)
- Operating expenses		(2,751)	(1,598)
- Taxes paid		(12)	(10)
Net cash (outflows)/inflows from operating activities	5	(1,021)	3,211
Financing Activities			
<i>Cash was applied to:</i>			
- Issue costs		(21)	0
- Dividends paid (net of dividends reinvested)		(5,259)	(4,095)
Net cash outflows from financing activities		(5,280)	(4,095)
Net decrease in cash and cash equivalents held		(6,301)	(884)
Cash and cash equivalents at beginning of the period		13,734	10,791
Cash and cash equivalents at the end of the period		7,433	9,907

All cash balances comprise short-term cash deposits.

The Notes to the Interim Financial Statements set out on pages 19 to 26 should be read in conjunction with this Statement of Cash Flows.

For the six months ended 30 September 2016

GENERAL INFORMATION

Entity Reporting

The interim financial statements are for Kingfish Limited ("Kingfish" or "the company").

Legal Form and Domicile

Kingfish is incorporated and domiciled in New Zealand.

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

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

The company is a profit-oriented entity and began operating as a listed investment company on 31 March 2004.

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

Authorisation of Interim Financial Statements

The Kingfish Board of Directors authorised these interim financial statements for issue on 21 November 2016.

No party may change these interim financial statements after their issue.

ACCOUNTING POLICIES

Period Covered by Interim Financial Statements

These interim financial statements cover the unaudited results from operations for the six months ended 30 September 2016.

Statement of Compliance

The interim financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP"). They comply with the New Zealand Equivalent to International Accounting Standard 34 ("NZ IAS 34") *Interim Financial Reporting*.

The interim financial statements do not include all of the information required for full year financial statements and should be read in conjunction with the company's annual financial report for the year ended 31 March 2016.

The company has applied consistent accounting policies in the preparation of these interim financial statements as for the 2016 full year financial statements.

Critical Judgements, Estimates and Assumptions

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

KINGFISH LIMITED

Notes to the Interim Financial Statements continued

For the six months ended 30 September 2016

Comparative Information

Diluted Earnings Per Share comparative information has been restated from (1.90) to (2.37) cents per share so as to match the current year's classification. There has been no impact on net operating profit or on shareholders' funds as a result of these changes.

Note 1 — Statement of Comprehensive Income

	6 months ended 30/09/16 unaudited \$000	6 months ended 30/09/15 unaudited \$000
(i) Net Changes in Fair Value of Investments		
<i>Investments designated at fair value through profit or loss</i>		
- New Zealand listed equity investments	23,212	(4,774)
<i>Available-for-sale financial assets</i>		
- Impairment of investment	(19)	0
Total gains	23,193	(4,774)
(ii) Operating Expenses		
Management fees (note 6)	1,587	993
Performance fees (note 6)	1,521	0
Custody and brokerage	146	140
Administration services (note 6)	80	81
NZX fees	29	28
Investor relations and communications	69	67
Directors' fees	61	61
Fees paid to the auditor:		
- Statutory audit and review of financial statements	18	18
- Other assurance services	6	2
- Non assurance services	2	2
Professional fees	9	6
Other operating expenses	13	9
Total operating expenses	3,541	1,407

Other assurance services relate to a share and warrant register audit and performance fee review. Non assurance services relate to annual shareholders meeting procedures. No other fees were paid to the auditor during the period (30 September 2015: nil).

Note 2 — Share Capital

Ordinary Shares

As at 30 September 2016 there were 155,022,179 (31 March 2016: 152,171,194) fully paid Kingfish shares on issue. All ordinary shares are classified as equity, rank equally and have no par value. All shares carry an entitlement to dividends and one vote attached to each fully paid ordinary share.

	6 months ended 30/09/16 unaudited \$000	Year ended 31/03/16 audited \$000
Opening balance	157,691	123,821
New shares issued for warrants exercised	0	28,330
Warrant issue costs	(17)	0
Manager's performance fee settled with ordinary shares (net of issue costs)	603	0
New shares issued under the dividend reinvestment plan	3,217	5,540
Closing balance	161,494	157,691

Warrants

On 10 May 2016, 38,176,653 new 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 the record date (9 May 2016). The warrants are exercisable at \$1.32 adjusted down for dividends declared during the period up to the exercise date of 5 May 2017. Warrant holders can elect to exercise some or all of their warrants on the exercise date subject to a minimum exercise of 200 warrants.

Treasury Stock

On 2 November 2016, Kingfish announced the continuation of its share buyback programme of its ordinary shares in accordance with Section 65 of the Companies Act 1993. All the shares acquired under the buyback scheme are initially held as treasury stock but are available to be re-issued. The net cost of treasury stock is deducted from share capital.

At 30 September 2016, no ordinary shares were held as treasury stock (31 March 2016: nil).

KINGFISH LIMITED

Notes to the Interim Financial Statements continued**For the six months ended 30 September 2016****Note 2 - Share Capital continued****Dividends**

Total dividends per share for the period ended 30 September 2016 were 5.53 cents per share (30 September 2015: 5.37 cents per share). Dividends paid for the period ended 30 September 2016, and prior to any reinvestment, totalled \$8,475,316 (30 September 2015: \$6,669,508).

Note 3 — Investments at Fair Value through Profit or Loss

	30/09/16 unaudited \$000	31/03/16 audited \$000
New Zealand listed equity investments	218,884	193,524
Total investments at fair value through profit or loss	218,884	193,524

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

All investments at fair value through profit or loss are valued using quoted last sale prices from an active market and are classified as Level 1 in the fair value hierarchy.

Note 4 — Available-for-sale Financial Assets

	30/09/16 unaudited \$000	31/03/16 audited \$000
(i) New Zealand unlisted equity investment		
Waterman Holdings Limited	91	735
Total available-for-sale financial assets	91	735

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

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

These financial assets are classified as Level 3 in the fair value hierarchy. There have been no transfers in or out of Level 3 during the period ended 30 September 2016.

	Unlisted equities 30/09/16 unaudited \$000	Unlisted equities 31/03/16 audited \$000
(ii) Available-for-sale reconciliation		
Opening balance	735	715
Return of capital	(336)	0
Change in fair value of available for sale assets	0	20
Impairment of investment	(308)	0
Closing balance	91	735
(iii) Available-for-sale reserve		
Opening balance	289	269
Change in fair value of available for sale assets	0	20
Impairment of investment	(289)	0
Closing balance	0	289

**Note 5 — Reconciliation of Operating Profit/(Loss) after Tax
to Net Cash Flows from Operating Activities**

	6 months ended 30/09/16 unaudited \$000	6 months ended 30/09/15 unaudited \$000
Net profit/(loss) after tax	23,106	(2,906)
Items not involving cash flows		
Unrealised (gains)/losses on revaluation of investments	(15,331)	11,277
	(15,331)	11,277
Impact of changes in working capital items		
Increase/(decrease) in fees and other payables	16	(341)
(Increase)/decrease in interest, dividends and other receivables	(88)	151
Decrease in current tax receivable	0	1
	(72)	(189)

KINGFISH LIMITED

Notes to the Interim Financial Statements continued**For the six months ended 30 September 2016****Note 5 — Reconciliation of Operating Profit/(Loss) after Tax to Net Cash Flows from Operating Activities continued**

	6 months ended 30/09/16 unaudited \$000	6 months ended 30/09/15 unaudited \$000
Items relating to investments		
Net amount (paid for)/received from investments	(1,396)	2,030
Realised gains on investments	(7,573)	(6,536)
Decrease in unsettled purchases of investments	92	368
Decrease in unsettled sales of investments	(508)	(833)
	(9,385)	(4,971)
Other		
Decrease in performance fee payable to be settled by issue of shares	54	0
Performance fee settled by issue of shares	607	0
	661	0
Net cash (outflows)/inflows from operating activities	(1,021)	3,211

Note 6 — Related Party Information

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

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

The Management Agreement with Fisher Funds provides for the provisional payment of a management fee equal to 1.25% (plus GST) per annum of the gross asset value, calculated weekly and payable monthly in arrears. This management fee is reduced by 0.10% for each 1.0% per annum by which the Gross Return achieved on the portfolio during each financial period is less than the change in the NZ 90 Day Bank Bill Index over the same period but subject to a minimum management fee of 0.75% (plus GST) of the average gross asset value for that period. The annual management fee is finalised at 31 March each year and any adjustment (where the management fee is less than 1.25%) is offset against future management fee payments due to Fisher Funds.

For the six months ended 30 September 2016 no management fee adjustment was necessary (30 September 2015: management fee was reduced to 1.05% of the gross asset value resulting in a prepayment of \$189,226 being recognised). Management fees for the six months ended 30 September 2016 totalled \$1,587,382 (30 September 2015: \$993,439 net of the prepayment).

In addition, a performance fee may be earned by the Manager provided the performance fee hurdle and a high water mark test have been met. A performance fee of \$1,520,569 has been accrued for the six month's performance to 30 September 2016 (30 September 2015: nil and 31 March 2016: \$1,396,642). This performance fee will only be payable if the performance criteria are met for the whole year.

In accordance with the terms of the Management Agreement, half of any performance fee payable (exclusive of GST) will be applied by the Manager to subscribe for shares in Kingfish, issued at a price equal to the audited net asset value per share at 31 March 2017. Full details of the performance fee calculation methodology are included in the Kingfish annual report for the year ended 31 March 2016.

The Manager was reimbursed \$79,567 for the provision of administration services for the six month period ended 30 September 2016 (30 September 2015: \$79,567).

Included in trade and other payables is an amount payable to Fisher Funds at 30 September 2016 in respect of management fees and administration services of \$282,323 (30 September 2015: \$200,128 and 31 March 2016: \$264,541). Also included in trade and other payables is a provision of \$859,452 for the performance fee, being the net of the total fee of \$1,520,568 less the amount expected to be settled in shares of \$661,116 (30 September 2015: nil and 31 March 2016: payable of \$789,204, being the net of the total fee of \$1,396,642 less the amount subsequently settled in shares of \$607,438).

The directors of Kingfish are the only key management personnel as defined by NZ IAS 24 *Related Party Disclosures* and they earn a fee for their services which is disclosed in note 1(ii) under directors' fees (only independent directors earn a director's fee). The directors did not receive any other benefits which may have necessitated disclosure under NZ IAS 24 (paragraph 16).

Off-market transactions between Kingfish and other funds managed by Fisher Funds take place for the purposes of rebalancing portfolios without incurring brokerage costs. These transactions are conducted after the market has closed at last sale price (on an arm's length basis). During the period ended 30 September 2016 off-market transactions between Kingfish and other funds managed by Fisher Funds totalled \$2,513,507 for purchases and \$1,045,395 for sales (30 September 2015: purchases \$1,022,772 and sales \$1,735,470).

KINGFISH LIMITED

Notes to the Interim Financial Statements continued

For the six months ended 30 September 2016**Note 7 — Net Asset Value**

The unaudited net asset value of Kingfish as at 30 September 2016 was \$1.46 per share (31 March 2016: \$1.37 per share).

Note 8 — Subsequent Events

At 16 November 2016, the unaudited net asset value of the company was \$1.38 per share and the share price was \$1.38. The change in net asset value of Kingfish from that reported at 30 September, has resulted in no performance fee accruing at the date of signing these financial statements, which has had the effect of reducing the performance fee payable and performance fee reserve to nil.

On 21 November 2016, the Board declared a dividend of 2.91 cents per share. The record date for this dividend is 8 December 2016 with a payment date of 22 December 2016.

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

Directory

27

Nature of Business

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

Registered office

Level 1
67 — 73 Hurstmere Road
Takapuna
Auckland 0622

Directors

Independent Directors

Alistair Ryan (Chairman)
Carol Campbell
Andy Coupe

Director

Carmel Fisher

Corporate Manager

Glenn Ashwell

Manager

Fisher Funds Management Limited

Level 1
67 — 73 Hurstmere Road
Takapuna
Auckland 0622

Auditor

PricewaterhouseCoopers

Level 8
188 Quay Street
Auckland 1010

Solicitor

Bell Gully

Level 22
48 Shortland Street
Auckland 1010

Banker

ANZ Bank New Zealand Limited

23-29 Albert Street
Auckland 1010

Share Registrar

Computershare Investor Services Limited

Level 2
159 Hurstmere Road
Takapuna
Auckland 0622

Phone: +64 9 488 8777

Email: enquiry@computershare.co.nz

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



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