KINGFISH LIMITED
ANNUAL REPORT

31 MARCH 2019

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CALENDAR

Next Dividend Payable

27 JUNE 2019

Annual Shareholders' Meeting
Ellerslie Event Centre, Auckland

31 JULY 2019, 10:30AM

Interim Period End

30 SEPTEMBER 2019

This report is dated 17 June 2019 and is signed on behalf of the Board of Kingfish Limited by Alistair Ryan, Chair, and Carmel Fisher, Director.

Alistair Ryan

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 growth company shares. 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 18 and 19).

AT A GLANCE

FOR THE 12 MONTHS ENDED 31 MARCH 2019

$47.1m
Net profit

21.2%
Gross performance return

13.5%
Total shareholder return

17.6%
Adjusted NAV return

AS AT 31 MARCH 2019

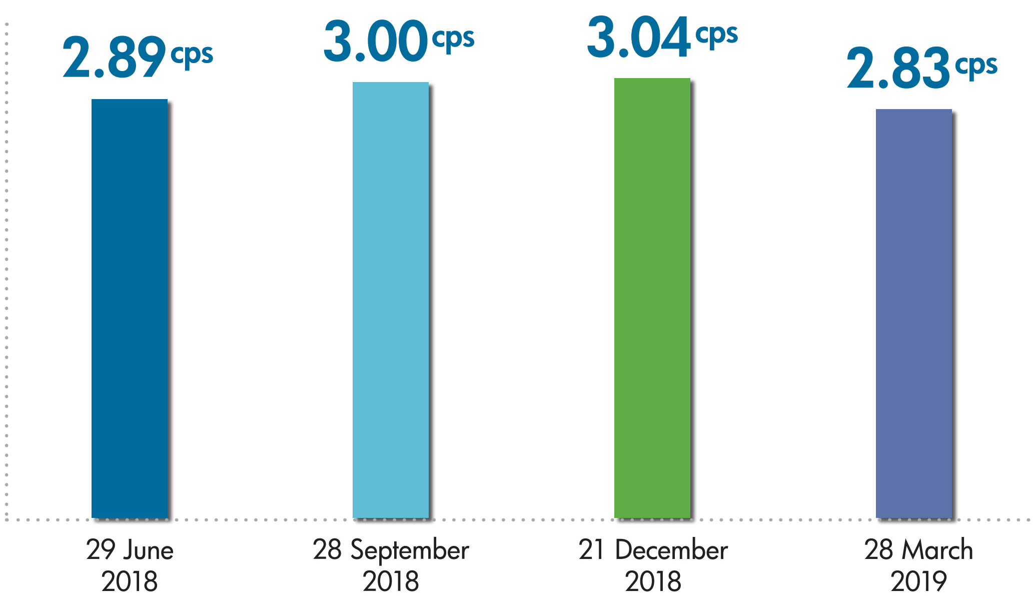
$1.57
NAV per share

$1.35
Share price

DIVIDENDS PAID

DIVIDENDS PAID DURING THE YEAR ENDED 31 MARCH 2019 (CENTS PER SHARE)

Total dividends of 11.76 cps were paid during the financial year (2018: 11.28 cps)



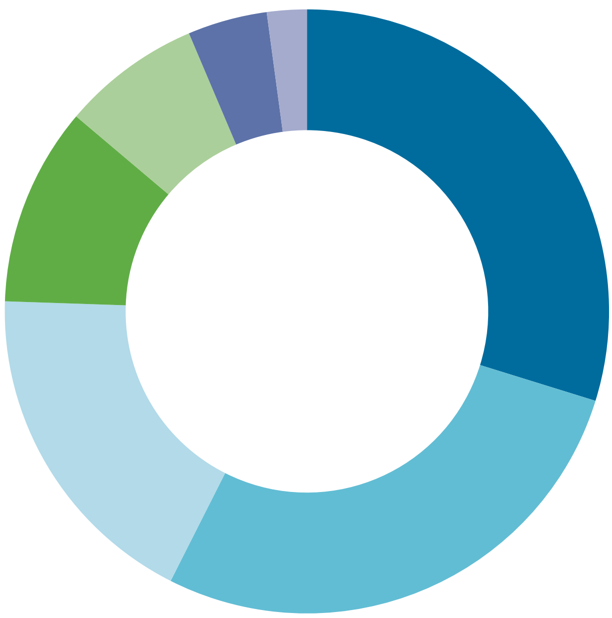
LARGEST INVESTMENTS[1]

AS AT 31 MARCH 2019

Fisher & Paykel Healthcare	The a2 Milk Company	Mainfreight	Freightways	Infratil
14%	13%	11%	9%	7%

SECTOR SPLIT[1]

AS AT 31 MARCH 2019



Sector	%
Industrials	28%
Healthcare	26%
Consumer Staples	17%
Utilities	10%
Information Technology	7%
Consumer Discretionary	4%
Materials	2%

The Kingfish portfolio also holds some cash.

[1] *Percentage calculations are based on all investments and include all Restaurant Brand shares, including those classified to trade and other receivables. (Refer footnote of Note 8 in the Financial Statements).*

DIRECTORS' OVERVIEW

Alistair Ryan
Chair

"Kingfish continued its strong performance for the 2019 financial year achieving net profit of $47.1m ..."

Despite a volatile December 2018 quarter, the New Zealand share market continued on from the positive trend of the last 6 years and produced another double digit return for the 12 months ended 31 March 2019.

Following several years of strong performance, the New Zealand share market experienced a more challenging 12 months to 31 March 2019. After an excellent first six months of the 2019 financial year, the New Zealand share market gave up much of those gains in the third quarter amidst global uncertainty and changing investor appetites, before regaining strength in the last quarter. The Kingfish portfolio achieved an adjusted NAV return for the financial year of 17.6%[1]. The S&P/NZXG50 was up 18.3% for the year and the Manager's performance, as measured by the gross performance return was 21.2%[2].

Kingfish continued its strong performance for the 2019 financial year achieving net profit of $47.1m, a very pleasing result overall and ahead of last year's result of $36.3m.

Shareholders also enjoyed better returns for the year to 31 March 2019 compared to the previous period. Total shareholder return, which includes the change in the share price, dividends paid per share and the impact of warrants, was 13.5% for the 12 months, up from 12.0% for the year ended 31 March 2018.

REVENUES AND EXPENSES

The key components of the full-year result were gains on investments of $49.5m, dividend and interest income of $6.8m less operating expenses and tax of $9.2m.

Operating expenses were $2.2m higher than the corresponding period, mainly due to the higher performance fee. The Manager achieved an additional fee of $4.3m plus GST for beating its performance fee hurdle for the year. Calculated in accordance with the management agreement, a performance fee is paid for outperformance of the Bank Bill Index plus 7% (9% in FY19) to the extent the High Water Mark (the highest NAV at the end of the previous financial year in which a performance fee was paid, after adjusting for capital changes and distributions) has been exceeded. The performance fee reflects the strong performance of the portfolio during the 2019 financial year.

The board negotiated a 33% reduction to the performance fee earn rate (above the performance fee hurdle) from 15% to 10% together with the introduction of a performance fee cap (1.25%) on the total performance fee amount in conjunction with moving payment of any performance fee to 100% in cash rather than 50% cash and 50% shares. The changes took effect from 1 April 2019.

DIVIDENDS

Kingfish continues to distribute 2.0% of average net asset value per quarter. Over the 12-month period to 31 March 2019, Kingfish paid 11.76 cents per share in dividends (2.89 cents per share on 29 June 2018, 3.00 cents per share on 28 September 2018, 3.04 cents per share on 21 December 2016 and 2.83 cents per share on 31 March 2019). The next dividend will be 3.07 cents per share, payable on 27 June 2019 with a record date of 13 June 2019.

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

WARRANTS

Kingfish has a regular warrant programme. On 19 July 2018 48,368,533 new Kingfish warrants were allotted. One new warrant was issued to all eligible shareholders for every four shares held on record date (18 July 2018). The warrants are exercisable at $1.25 per warrant, with an exercise date of 12 July 2019. Warrants continue to be part of the overall capital management programme.

SHARE BUYBACKS

The share buyback programme is another part of Kingfish's capital management programme. Share buybacks are utilised when the share price to NAV discount is greater than 8%. During the 12 months to 31 March 2019 the share price to NAV discount fluctuated between 2% and 14%. Over the period Kingfish took advantage of the deeper share price to NAV discounts and purchased approximately 395k shares. Shares purchased under the buyback programme are held as treasury stock and subsequently reissued to shareholders under the dividend reinvestment plan and in settlement of the Manager's performance fee.

[1] *The adjusted net asset value return is the underlying performance of the investment portfolio adjusted for dividends (and other capital management initiatives) and after fees and tax.*

[2] *The gross performance return is the portfolio performance before expenses and tax. It is an appropriate return measure for assessing the Manager's performance against an index or benchmark.*

[3] *Participation forms for the Dividend Reinvestment Plan (DRP) can be obtained by contacting either Kingfish or Computershare Investor Services Limited.*

ANNUAL SHAREHOLDERS' MEETING

The 2019 Annual Shareholders' Meeting will be held on Wednesday 31 July at 10:30am at the Ellerslie Event Centre in Auckland. All shareholders are encouraged to attend, with those who are unable to attend invited to cast their vote on company resolutions prior to the meeting. All information presented at the annual meeting will be available on Kingfish's website at the conclusion of the meeting.

CONCLUSION

The 2019 year was both a rewarding and challenging period for the New Zealand share market which was again strongly influenced by the political and economic developments in offshore markets. It was encouraging that Kingfish generated strong returns ahead of the market in such an environment. The Board is pleased at the Manager's continued focus on investing in quality companies which have continued to grow and yield healthy returns for shareholders.

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

On behalf of the board,

Alistair Ryan

Alistair Ryan / Chair
Kingfish Limited
17 June 2019

FIGURE 1: FIVE-YEAR PERFORMANCE SUMMARY

Corporate Performance

For the year ended 31 March	2019	2018	2017	2016	2015	5 years (annualised)
Total Shareholder Return	13.5%	12.0%	8.1%	3.3%	18.2%	10.9%
Adjusted NAV Return	17.6%	14.7%	10.6%	13.0%	6.8%	12.5%
Dividend Return	9.0%	8.7%	8.5%	7.7%	8.4%	
Net Profit	$47.1m	$36.3m	$22.4m	$22.5m	$11.9m	
Basic Earnings per Share	24.24cps	19.62cps	14.50cps	16.71cps	9.85cps	
As at 31 March	**2019**	**2018**	**2017**	**2016**	**2015**	
NAV (as per financial statements)	$1.57	$1.45	$1.40	$1.37	$1.34	
Adjusted NAV[1]	$4.78	$4.07	$3.54	$3.20	$2.84	
Share Price	$1.35	$1.31	$1.29	$1.31	$1.37	
Warrant Price	$0.06	-	$0.05	-	$0.10	
Share Price Discount/(Premium) to NAV[2]	13.1%	9.7%	7.0%	4.4%	(4.1%)	

Manager Performance

For the year ended 31 March	2019	2018	2017	2016	2015	5 years (annualised)
Gross Portfolio Performance (before fees and expenses)	21.2%	16.5%	13.3%	15.7%	9.6%	15.2%
S&P/NZX50G	18.3%	15.6%	6.6%	15.7%	13.5%	13.9%
Performance fee hurdle / Benchmark Rate[3]	9.0%	9.0%	9.3%	10.2%	10.6%	

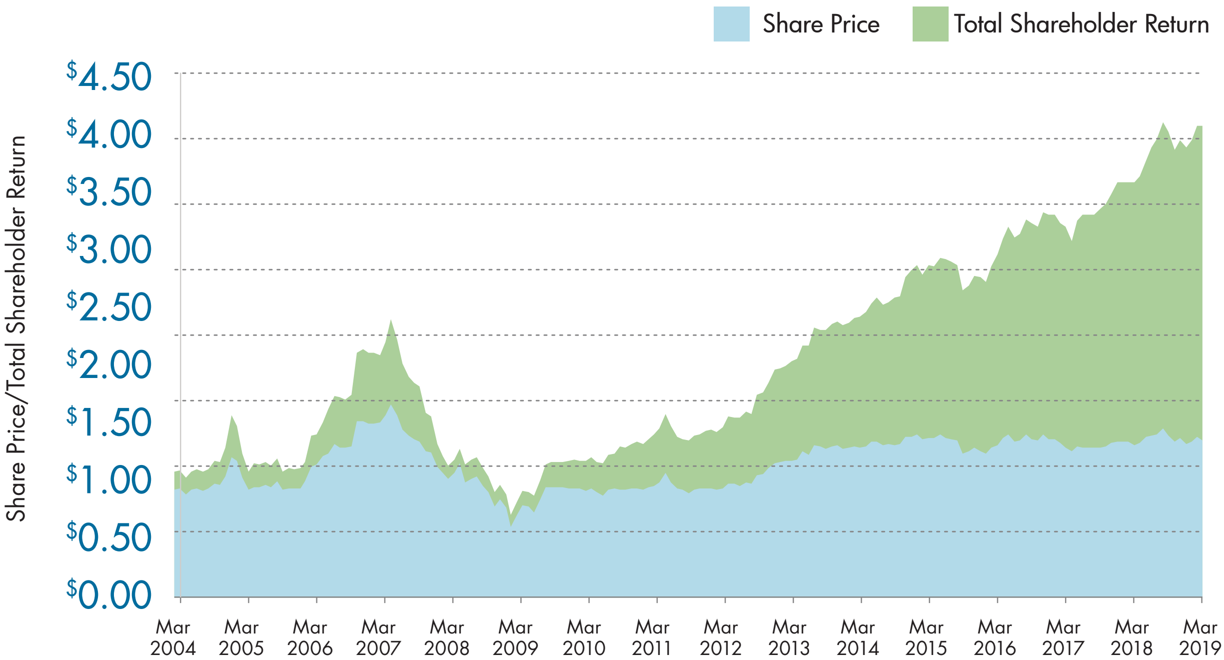
NB: All returns have been reviewed by an independent actuary.

[1] Kingfish's adjusted NAV historical information has been restated as a result of correcting the warrant dilution component of the calculation.

[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, 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, 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

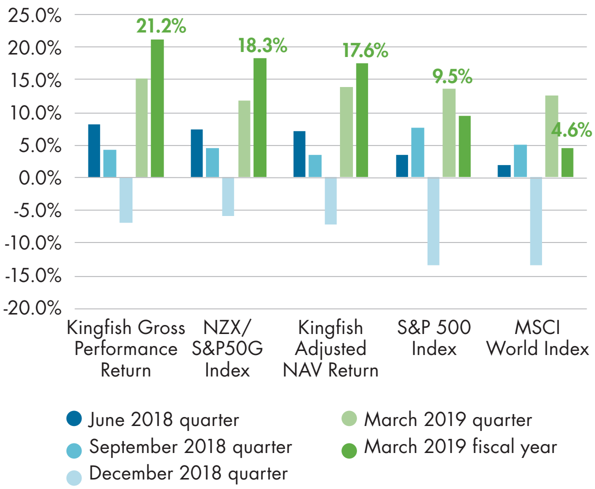
"The swing in share market sentiment from the December quarter of 2018 to the March quarter 2019 feels more like the fictional battle between the good Dr Jekyll and the evil Mr Hyde than the behaviour of sophisticated share market investors."

The teflon NZ market was one of the best performing markets globally again in the year to March 2019 and significantly outperformed global markets, rallying circa 18% vs global equities which were up a mere 5%. What was most impressive was that not only did NZ exhibit its normal safe haven characteristics during the market rout in the December 2018 quarter, falling only 8% peak to trough vs global markets falling 18%, it also fully participated in the March quarter 2019 rally, +15% vs global equities +18%. This is like having your cake and eating it too.

Kingfish had its best absolute return in 5 years, topped off by its best final quarter in 13 years, following its worst December quarter in 11 years. That is enough to give you whiplash.

The swing in share market sentiment from the December quarter of 2018 to the March quarter 2019 feels more like the fictional battle between the good Dr Jekyll and the evil Mr Hyde than the behaviour of sophisticated share market investors. The evil Mr Hyde well and truly ruled the December quarter of 2018. Almost any news, good or bad, was greeted negatively, the market couldn't find its feet and companies, almost regardless of their quality, were savagely sold off. In an early Christmas present markets bottomed on December 24 just as the US share market had put a toe into official bear market territory. Since then Dr Jekyll has been in control. Good news has been met almost euphorically and bad news has been ignored. Share prices have soared. As it turns out the evil of Mr Hyde will often throw up opportunities that the more thoughtful Dr Jekyll can take advantage of.

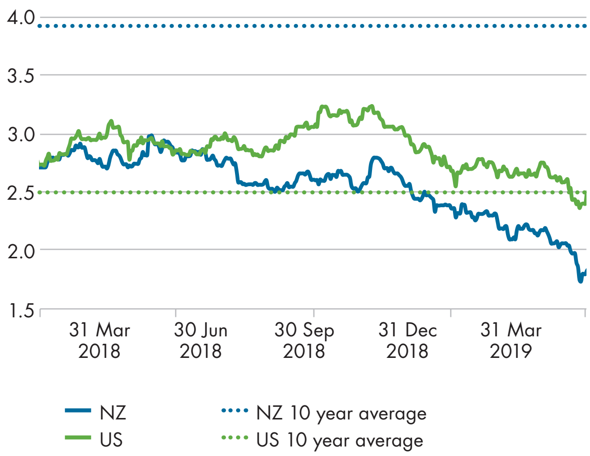
Performance by quarter for fiscal 2019



The March 2019 quarter and especially the last month of the quarter was all about interest rates. In March, US 10-year Treasury yields staged the sharpest fall since June 2016. To put the recent moves into perspective, remember June 2016 was hot on the heels of the initial Brexit vote and it felt like most of the world's bond yields were going to go negative. Back home, New Zealand's 10-year Government Bond yields staged their sharpest monthly fall in March… ever! This key benchmark rate hit all-time lows at 1.8%. Another way of looking at this, the current yield is less than half of the trailing 10-year average. We use the trailing 10-year average for context as that is often what equity investors will use as their risk-free interest rate — an input into how they value companies. A sharp fall in bond yields will, all other things being equal, lower the cost of capital equity investors use to discount the expected future cashflows of the companies they own. The punchline is that a sharply lower cost of capital translates to a higher valuation for the company. This is especially true for companies that are sensitive to interest rates, which often either have large debt piles or slower growth, of which we have purposefully maintained a very low weighting to.

So against this backdrop of stronger performance from companies that do not suit our investment style, it is especially pleasing that Kingfish performed so strongly relative to the broader market.

10 year Government bond yields in fiscal 2019



KINGFISH PORTFOLIO

The most exciting thing about our process is it is continually being honed. We are building a learning machine. The 2019 financial year was volatile and hence gave us the opportunity to test several of our core investment principles.

You have heard us say before many times that we are long-term thinkers and approach investing like business owners, not financial analysts. We don't buy pieces of paper looking to profit as we shuffle them back and forth with other investors as prices change. Instead we think like business owners buying part of a company expecting to own it for the long term. Taking a long-term view means thinking about a company's competitive position, how its products or services resonate with customers, about how the company's strategy will play out and what new investments it will make. This is where we believe we can gain unique insights, developing a strong sense of which companies will be the winners and losers in the never-ending game of competition. We build industry knowledge – the only way to pick the winners and losers in an industry is to develop deep domain knowledge, understanding how successful companies are differentiating themselves from the competition. Building this knowledge is a painstaking process that happens over years of talking to company management, industry experts, attending conferences and reading a lot – focusing on the most important things, information has become freely available, but insightful analysis is just as rare as it always was. We focus our energy and attention on the things that drive long-term earnings and that improve a company's competitive position. It is easy to get caught up in the noise of the here and now. We strive to avoid that.

a2 Milk, Fisher & Paykel Healthcare and Vista Group by their very nature are ultra long-term growth stories. Fisher & Paykel Healthcare is currently treating approximately three million patients with their Optiflow Nasal High Flow Therapy product. We think the total addressable market here could be as large as 40 to 50 million patients. This is a growth runway that can extend for decades. a2 Milk has less than 4% market share in the huge Chinese infant formula market. We think this is a market the company can dominate. We also think a2 Milk can take a meaningful market share in the US liquid milk market where its market share is currently negligible. Movio Media, the jewel in the Vista Group crown, currently generates less than NZ$30m of revenue. The addressable market could be as large as NZ$400m in 5 years time. With the scale of opportunity these companies have ahead of them, it is critical not to get lost in the short-term noise and keep our eye on the long-term prize.

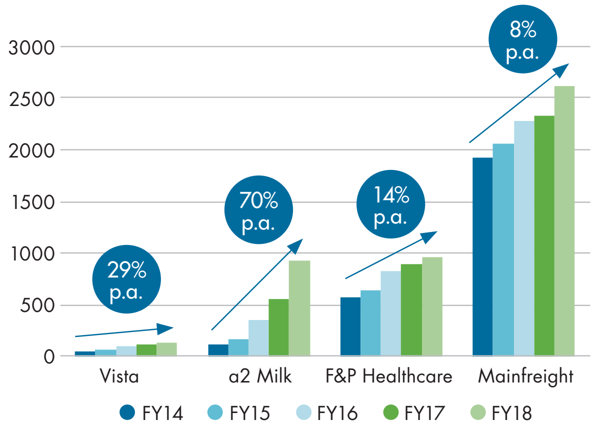
Close followers of a2 Milk will understand what we mean when we say there is an enormous amount of noise that comes with the territory. This is normal with exciting consumer growth stories in the huge and opaque Chinese market. The key for us is to sift through the mountain of day-to-day noise and to identify the important information that helps us get clarity on the long-term story. In recent months, a2 Milk's share price has been battered by various fears. Firstly, the market grappled with concerns that sweeping regulatory changes in China may impact a2 Milk, but as it turned out common sense prevailed, and the government did not block Chinese mothers from using offshore infant formula as many in the market would have us believe. Secondly, the CEO sold a parcel of shares she had just received, prompting many in the market to suggest she must know something we didn't. As it turned out, like many sellers of shares, the CEO had personal reasons for selling that had nothing whatsoever to do with the health of the company. Thirdly, slowing consumption growth in China as the economy slows came onto investor's radars, but as it turns out, the huge total addressable market and low penetration allow a2 Milk to prosper despite any broad slowdown in consumption. Fourthly, a sales 'miss' relative to consensus expectations led many to think that a2 Milk's growth story was over, but the shortfall was due to a change in their infant formula labelling, which proved a temporary hiccup and has not impacted the long-term earnings power of the business at all. We have added to our a2 Milk position in several of those situations, which have all proved to be transitory and reflect the market's short-term focus. After all of this noise, a2 Milk reported a strong earnings result in February, well ahead of our expectations (which were also ahead of consensus)! Growth has essentially accelerated and based upon the company's in-depth data-driven work on customer loyalty and behaviour, management were confident enough to provide more upbeat and longer-term guidance than they have ever given before.

Attending a meeting with the Fisher & Paykel Healthcare management team is like, excuse the pun, a breath of fresh air for us. The company thinks in decades, not quarters. This is the exact opposite of many investors who myopically focus on short-term issues such as the annual flu cycle and whether it will impact current earnings. Our view is that the flu season in any given year may vary but any one year's outcome does not impact the long-term earnings power of Fisher & Paykel Healthcare one iota. When we meet the management team, we spend almost no time focussing on the previous half yearly earnings. We spend almost the entire time focussing on the 5 to 20-year outlook. We focus on the long-term production capability of the Mexico facilities, we focus on the very large and untapped opportunities Fisher & Paykel Healthcare has with Optiflow outside the intensive care unit, and we focus on the super long-term opportunity of using Optiflow or high flow nasal therapy in the home.

Vista develops software for cinema exhibitors – last time you went to the movies its software would have been running almost everything in the cinema right from providing your tickets to managing your popcorn order. Vista has had the local market sewn up for many years, but it turns out Vista's solution isn't just the best product for the local market, but also globally. The company's progress overseas stems from its entrepreneurial spirit and desire to build a genuine market-leading, highly scalable product. A great example of this was that many years ago, Vista entered Argentina as only its third country of operation, and had to contend with complex local taxes and a new language. This was a brave and ultimately successful move. Vista hasn't looked back since and is now present in almost 100 countries, including the fast-growing Chinese market. Vista has the largest cinema software development team in the world and has proactively reinvested in its product, which has increased its lead over competitors. The cumulative research and development spend and millions of lines of software code are a few of the elements that form an excellent competitive 'moat' around the business. Vista has become the dominant player in its niche with global market share, of over 40%. Even with such a high market share the company is still growing, with large cinema chains like Odeon in Europe and Aeon in Japan recently switching over to Vista. With weaker competitors falling by the wayside, it's conceivable that this could be a classic 'winner-takes-all' specialist software market. But for Vista this is just the tip of the iceberg. Management realised that the high (and growing) barriers to entry around its leading position allowed it to collate industry data, and it has used this to develop a suite of 'ecosystem' products around its strong core. This ability of a 'platform company' to profitably and organically grow new businesses from its strong platform core is rare and very powerful. Movio Media performs advanced analytics for major movie studios to work out how to optimally spend their billions of advertising dollars. Movie advertising is increasingly going digital (think more targeted social media and less traditional TV) and so Movio can capture more of this growing pie moving forwards. One of our preferred investment strategies is to back a leading business that can surf the wave of a powerful thematic trend like this. Beyond Movio, Vista has become aware of other opportunities to add value to its key studios and exhibitors. It has used its customer-centric entrepreneurial mindset to pursue these through a number of early-stage businesses like Powster (film websites), Cinema Intelligence (predictive optimisation) and Numero (box office reporting). Vista's recent 2018 result highlighted the power of a strong business with long runway and many early-stage growth options. It guided for what would be its sixth consecutive year of revenue growth in the region of 20% since listing. We have confidence in the quality and depth of management, many of who are founders and have been with the business the whole way. This means they firmly have the 'owner mentality' and make decisions with a view to creating long-term enduring value for the business.

The combination of our longstanding large weight in Mainfreight and a very strong share price return, even by its lofty standards, meant it was the largest contributor to Kingfish's returns for the financial year. This reflected strong performance from the company which has seen a simultaneous acceleration in growth in its key offshore markets of Australia, Europe and the US. There is a lot to like about the Mainfreight story – including the strong position it holds in the New Zealand market, its massive global market opportunity, its focused and ambitious management team and its unique culture (which we greatly admire and will comment on further a little later on).

Sales revenue for last 5 fiscal years (NZ$m)



There was a material development at Restaurant Brands during the year, with the company receiving a partial takeover offer from Mexican financial investor Finaccess Capital. We thought the offer price of $9.45 per share was very attractive and we participated to the maximum extent possible (with around 82% of our shares vended into the offer). As the offer was not for all shares on issue, we still hold a small position in the company following the completion of the offer.

Various investing legends have long espoused the virtues of "wearing out your shoe leather", visiting businesses first hand to gain a more direct perspective. It certainly makes a welcome change from reading financial reports and hounding down unique insights from the terabytes of information constantly circulating the internet! We are often talking and meeting with our companies locally, but it's important to go overseas and see their operations and key staff there — around half our companies' revenue is generated offshore, underlining the importance of doing this.

MANAGER'S REPORT CONTINUED

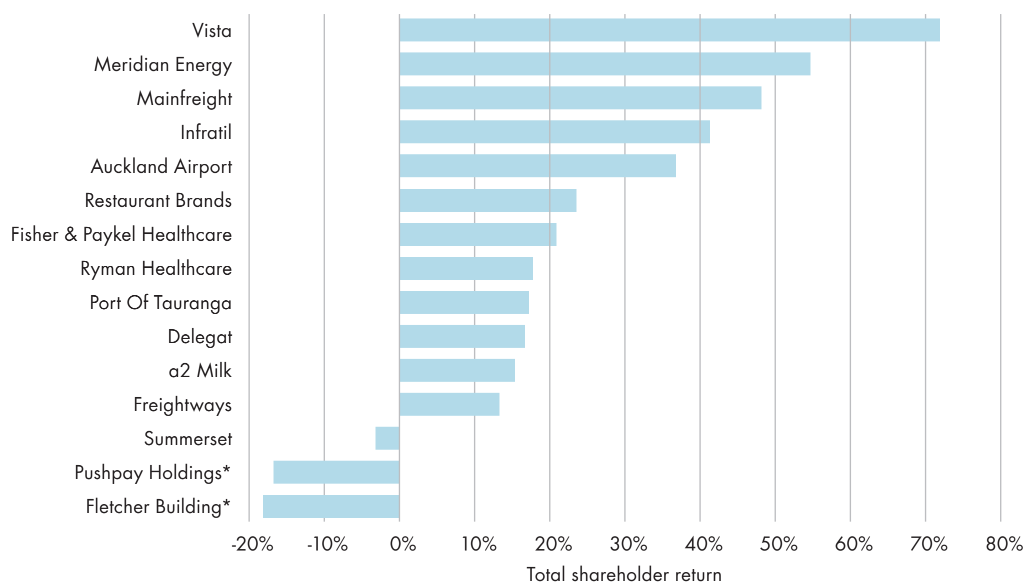
Over the 2019 financial year, our travels included visiting Fisher & Paykel Healthcare Mexico facilities, plus meeting a wider array of its US management team and its key competitors (in both Europe and the US). We saw progress in Mainfreight's burgeoning European and Australian operations, visited Pushpay and several of their customers in the US and had a number of meetings and relevant channel checks in China for a2 Milk (to cover off the most important handful). We also plan to visit Vista in the US and especially their rapidly growing business Movio in June. Closer to home, we continue to regularly travel to Australia, with meetings with Mainfreight, a2 Milk and Infratil in particular delivering key insights over the fiscal year.

Mainfreight is currently growing revenues rapidly outside of New Zealand. On revisiting the large Epping site in Melbourne two years after the 2016 investor day hosted there, it was pleasing to see the warehouse full and that the quality of the operations there has been used to attract significant new customers. As a result, the company is already expanding onto an adjacent site. It is encouraging that the 2018 investor day was hosted in the Netherlands, which is testament to the progress the team is currently seeing in the European business. We are pleased to see the company continuing to foster its unique culture offshore and intensify its network both within and between regions.

Fisher & Paykel Healthcare (FPH) generates almost 10% of its revenue from Europe so it was extremely helpful to spend some time with Patrick McSweeney, FPH's long-standing head of European operations. Patrick has been in the industry for 30 years and has been with FPH for 15 years. In business generally, but especially in the world of medical technology where timeframes to get products approved and into commercial production are measured in decades, not years, that sort of experience is worth its weight in gold. Patrick reminded us that the European and global penetration of high flow oxygen therapies into the hospital is still very low and FPH remains very well positioned to dominate this significant opportunity for many years to come.

Infrastructure investment company Infratil was a key contributor to performance over the year. Infratil's portfolio reconstruction (for now) is largely complete, with both its divestment programme and its relatively young renewables and data platforms exceeding expectations. Canberra Data Centres (CDC) deserves particular mention. It is that rare beast which is a growth infrastructure asset. We have just returned from the annual Infratil investor day, where CDC stole the limelight! CDC continues to exceed expectations (ours, but also those of Infratil and CDC management themselves) and earnings are re-accelerating, with earnings growth now expected to exceed 50% in the coming year! CDC acquired a Sydney datacentre in December 2018 and continues to benefit from the general growth in data, but also its positioning in the market as a premium offering with high security, reliability and sovereign ownership. With a strong development path in both Canberra and Sydney, we expect CDC to become Infratil's largest single asset exposure in the near future.

Portfolio Company Returns - year to 31 March 2019



**From date of first investment*

Source: Factset

Post balance date Infratil announced the conditional acquisition of Vodafone NZ alongside Brookfield Infrastructure Partners for NZ$3.4b, with Infratil raising $400m of equity to fund its 49.9% stake. While Infratil sees this as an investment with solid mid-teen equity returns, we believe there is potential for material upside risk and the deal evokes similarities to Infratil's extremely successful transformation of Shell's NZ assets into today's Z Energy where the IFT earned four times its equity investment in five years! We continue to view Infratil as an attractive investment opportunity and post balance date we have increased our weighting in Infratil and participated in the equity raise.

PORTFOLIO CHANGES:

The ongoing upgrade to the quality of the portfolio began early in the 2018 fiscal year with the exit of Metro Performance Glass, Z Energy and Tegel and the entry of a2 Milk. This continued in the 2019 financial year with the exit of Abano and Michael Hill. We recycled that capital into some of the highest quality companies in NZ (a2 Milk, Fisher & Paykel Healthcare). This active management of your portfolio differentiates us from passive managers and has added material value to your returns in the past couple of years.

When the story changes, be prepared to change your mind and learn from your mistakes

It is often jarring to note that the best fund managers in the world are wrong approximately 35% of the time. That means that learning from successes is a critical part of our culture but so is learning from mistakes. This brings me to another core investment principle we have which is that we should never compromise on quality.

Two companies that have turned out to be lower quality than we originally thought are Abano and Michael Hill. When these stories changed, we were prepared to change our mind and our positioning.

Ongoing, disappointing same-store-sales growth from its Australian business (Maven) and limited margin improvement saw us exit our position in Abano Healthcare in October 2018. We had been progressively reducing our investment since November 2017. Two of the key attractions of a roll-up story are the ability to take organic market share and the delivery of operating leverage via scale and Abano Healthcare, has struggled to deliver on both of these. As always, your capital is precious and there were better places to invest it. Since exiting our position in Abano Healthcare the company has continued to disappoint, with the share price now languishing around half the level we exited at.

We decided to exit our position in jewellery retailer Michael Hill in March 2019. Based on our STEEPP investment criteria, the company had one of the lowest Strength score of the companies in our portfolio and we decided there were better returns elsewhere given the risk profile of the investment. The investment case has changed meaningfully in recent times, as the growth avenues the business was pursuing have proven too challenging and been shut down. The strategic agenda has shifted to focus on the core business, which is now struggling to grow in the modern retail environment where there is more competition for customers' dollars than ever and lower quality shopping malls are seeing declines in foot traffic. Management have not executed well in the core business, with an abrupt change in promotional strategy resulting in a large and immediate drop-off in sales. We were able to use the partial share price recovery on the back of the new CEO's turnaround plan to exit the position. We do not expect the outlook for the company to significantly improve from here – the fine jewellery category is stagnant and price competition as fierce as ever, especially in Australia. Michael Hill is investing in much needed improvements in customer experience and its online offering, but it will require strong execution to just hold steady against this backdrop. While we are bitterly disappointed at the extent to which our position has detracted from performance, we have learned valuable lessons here. Primarily, we should have moved more decisively when the investment thesis shifted and been more sceptical of management's optimism that performance would improve, given weak execution, when nothing short of excellent execution would suffice.

We also exited EBOS during the year which had a low STEEPP score and was a less attractive use of capital than alternative investments. The industry outlook is becoming increasingly challenged as regulated pharmacy revenues are expected to remain under pressure with some manufacturers choosing to bypass wholesale distributors and go direct to pharmacies, as well as increasing competition with a new Australian community wholesaler entrant in 2017. As a result, competitors are increasingly attempting to diversify into other healthcare businesses where EBOS has a dominant market position. Organic earnings growth (ex M&A) is expected to moderate to mid-single digits, with earnings growth in its core healthcare operations of circa 2-3% diluting otherwise attractive growth from its consumer product and animal business. We were also disappointed to see the highly respected CEO Patrick Davies leave the company.

Key entries/major additions

As baseball catcher Yogi Berra famously said, "predictions are difficult, especially about the future." We know that we don't know everything about the future. That means we look to build portfolios that can perform well regardless of what gets thrown at us. The list of things that could be is long: will inflation be higher or lower, what is the economy going to do, will the New Zealand dollar rise or fall? Portfolios need to be resilient regardless of how the world unfolds.

MANAGER'S REPORT CONTINUED

This means we diversify appropriately – we seek to build all weather portfolios that are sensibly diversified across a range of companies that will tend to perform differently at different times in the cycle. We try to make sure our best ideas make a difference – while it's important to build a sensibly diversified portfolio, we also want to get the best value from our investment insights. This means we are not afraid to focus portfolios on our very best ideas. We typically have investments in fewer companies than other asset managers.

In last year's annual report, we noted that Kingfish made a small investment in Fletcher Building for the first time early in fiscal 2019. We noted that we had our eyes wide open about the company's patchy track record, the challenges that lie ahead and the risks around the construction cycle. It is this latter factor that caused us to cut our weighting in Fletcher Building during the year to a minimum position size. It is important to note, however, that the self-help story that the company articulated around refocussing on its core assets and divesting non-core assets continues to be executed as we expected.

We added Pushpay to the portfolio during the year. Pushpay is a New Zealand tech success story that builds world class giving and engagement solutions for organisations. It is now the leading mobile payments and engagement provider to the US faith sector. The company delivers best in class product and service, and its domain expertise combined with superior investment in resources (both sales and R&D) gives us comfort that Pushpay will retain this edge over competitors. We attended an investor day held by the company in the US during the year and were impressed by the depth of strength of the firm below senior management. In addition, we have been especially impressed by the exceptionally strong customer feedback we obtained during our independent checks, from various large churches in the US. Pushpay has achieved both positive cash flow and operating earnings in the December 2019 quarter and has since reported positive operating earnings for the financial year to 31 March 2019. It is not unreasonable to expect revenue growth over the next 3-5 years to continue to compound at circa 20-30%+ p.a. Pushpay remains a relatively early stage investment and we have initiated a minimum position.

OUTLOOK:

A key part of our culture is to continuously hone our process and importantly, never stop learning. When we think about these and other key culture attributes, we need look no further than Mainfreight for an excellent example of not only what a great culture is, but importantly how it can add material value. Doing things the "Mainfreight Way" means a heavy focus on people and customer service. The entrepreneurial spirit means owner-drivers are heavily invested in success. Weekly accounts are on the wall of every branch office and lunchroom globally, which drives accountability and healthy competition. Mainfreight strives for continuous improvement via a "growth mentality", with cross-branch competition and collaboration fostering innovative development and implementation of best practice, plus the environment to front up and learn from their mistakes to make the business better.

One of the key things we learnt last year from the good Dr Jekyll and the evil Mr Hyde is that market returns can look very different in a short space of time with small changes in perceived outlook. This brought about a major change in market dynamics in late 2018 and early 2019 with single stock dispersion, essentially the difference in returns between the weakest and strongest performers, increasing sharply after several quarters of very low dispersion in late 2017 and into 2018. We welcome dispersion with open arms as it provides an opportunity to beat the market and allows the high quality companies we invest in on your behalf to shine.

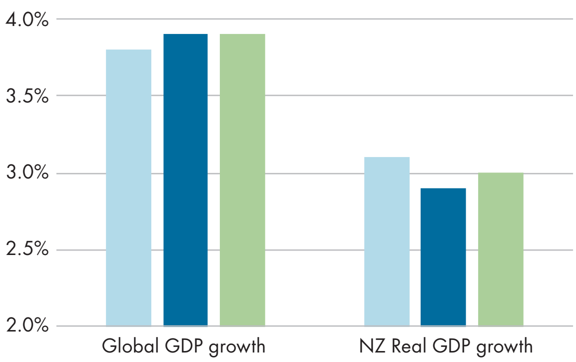
For example, during the final quarter of the Kingfish year, portfolio heavyweights like The a2 Milk Company, Fisher & Paykel Healthcare and Mainfreight delivered significantly higher returns than the market. Of course dispersion is a two-way street. Thankfully we avoided some of the weaker performers over the quarter. In particular, it was satisfying that companies we have either previously exited (Metro Performance Glass, Abano Healthcare and Sky TV) or had run through our process and actively chosen not to invest in (Metlifecare, Comvita) returned significantly less than the market. Dispersion was also evident in the recent company earnings reporting season. The Kingfish portfolio had a ratio of earnings beats to misses of 2 to 1. We had twice as many companies that beat consensus earnings expectations as those that missed them. The broader NZ stock market, on the other hand, had a ratio of 0.3 to 1, meaning that 3 times as many companies missed earnings expectations as beat them.

Given the ferocity of the December quarter sell-off in global equity markets and the pace of the March quarter rally, coupled with the constant uncertainties we see in the global economy, we should brace for more volatility ahead.

However, as Yogi Berra taught us, predictions are difficult. What I can say for certain though is that we will continue to do what we have been doing. We will continue to upgrade the quality of the portfolio, we will continue to think long-term and mean it, we will continue to wear out the shoe leather in search of that extra edge, we will continue to learn from our successes and our mistakes, and we will never be afraid to change our minds.

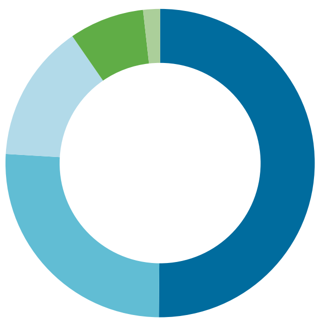
Sam Dickie / Senior Portfolio Manager
Fisher Funds Management Limited
17 June 2019

Growth Outlook - Global GDP vs NZ GDP



Source: IMF Forecasts, Bloomberg

Portfolio revenue split by geography



Source: Fisher Funds estimates, weighted by portfolio holdings

PORTFOLIO HOLDINGS SUMMARY AS AT 31 MARCH 2019

Listed Companies	% Holding
Auckland International Airport	5.0%
Delegat Group	3.5%
Fisher & Paykel Healthcare	13.9%
Fletcher Building	1.8%
Freightways	8.6%
Infratil	6.8%
Mainfreight	10.6%
Meridian Energy	3.3%
Port of Tauranga	3.3%
Pushpay Holdings	1.9%
Restaurant Brands NZ*	4.5%
Ryman Healthcare	6.4%
Summerset	5.9%
The a2 Milk Company	13.2%
Vista Group International	4.9%
Equity Total	**93.6%**
New Zealand dollar cash	6.4%
TOTAL	**100.0%**

** Percentage calculation includes all Restaurant Brand shares. Refer footnote of Note 8 of the Financial Statements*

THE STEEPP PROCESS

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

The STEEPP criteria are as follows:

S

STRENGTH OF THE BUSINESS

What is the company's competitive advantage? Is it sustainable? Is the company a market leader? Does it have a dominant position? A strong business is one that can maintain its profit margins by employing a unique strategy.

T

TRACK RECORD

How has the company performed in the past? Has the company performed under the same management team? Has it grown organically or by acquisition? How did the company react during a downturn? Fisher Funds prefers to buy established companies that have executed well in the past.

E

EARNINGS HISTORY

How fast has the company been able to grow its earnings in the past? How consistent has earnings growth been? 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 15 securities at the end of March 2019.

E

EARNINGS GROWTH FORECAST

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

P

PEOPLE/ MANAGEMENT

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

P

PRICE/ VALUATION

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

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 2019 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 2019.

Auckland Airport

WHAT DOES IT DO?

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

WHY DO WE OWN IT?

AIA is well-positioned to benefit from New Zealand's positive long-term tourism outlook. 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

+37%

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% per annum growth in case sales. The majority of the growth is likely to be driven by the still relatively immature US market.

Total Shareholder Return

+17%

Total shareholder return sourced from Factset and excludes imputation credits.

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 latent 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

+21%

Fletcher Building

WHAT DOES IT DO?
Fletcher Building is a diversified building products and construction company with a range of different business units across many products and services in New Zealand, Australia and also internationally.

WHY DO WE OWN IT?
Many of Fletcher Building's key business units are well established, have performed well, and have strong market positions, particularly in New Zealand. Under the new CEO, the company has strengthened its balance sheet and is refocusing on its core after various missteps on large construction projects and expanding internationally.

Total Shareholder Return

-18%

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

+13%

Infratil

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 strong.

Total Shareholder Return

+41%

MAINFREIGHT

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, 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 judicious acquisitions as it works towards its goal of becoming a global logistics provider.

Total Shareholder Return

+48%

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

+55%

KINGFISH PORTFOLIO STOCKS CONTINUED

PORT OF TAURANGA

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

+17%

Pushpay

WHAT DOES IT DO?

Pushpay is a leading mobile payments and engagement provider to the US faith sector, with more than 7,600 customers including 14 of the top 20 and 55 of the top 100 largest churches in the US.

WHY DO WE OWN IT?

Pushpay provides the best in class product and service, and its domain expertise combined with existing resources (both sales and Research & Development) gives us comfort that Pushpay will retain this edge over competitors. Pushpay's addressable market is very large (circa US$90bn) and very under-penetrated and although Pushpay remains relatively early-stage, it is not unreasonable to see revenue growth over the next three to five years continue to compound at circa 20% - 30%+ p.a.

Total Shareholder Return

-13%

Restaurant BRANDS NEW ZEALAND LTD

WHAT DOES IT DO?

Restaurant Brands has predominantly exclusive 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 45 Pizza Hutt 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

+24%

RYMAN HEALTHCARE

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 continues to lift its build rate of units and beds to meet latent demand from an ageing population. Melbourne represents an area of considerable upside with a similar ageing demographic to that in New Zealand. 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

+18%

KINGFISH PORTFOLIO STOCKS CONTINUED

Summerset

WHAT DOES IT DO?

Summerset is an integrated retirement village builder, owner and operator. The company has 26 retirement villages around New Zealand and is the 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

-3%

The a2 Milk Company

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

+15%

VISTA GROUP

WHAT DOES IT DO?

Vista Group is an innovative and profitable IT company primarily providing sophisticated software to cinema exhibitors. It has a 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

+72%

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

BOARD OF DIRECTORS

Alistair Ryan MComm (Hons), FCA

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, Metlifecare and Kiwibank, and a member of the FMA's Audit Oversight Committee. He was Chair of Evolve Education Group (retired 15 June 2019). 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 fellow of Chartered Accountants Australia and New Zealand. Alistair's principal place of residence is Auckland.

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

Carol Campbell BCom, CA

Chair of Audit and Risk Committee
Independent Director

Carol Campbell is a chartered accountant and a member of Chartered Accountants Australia and New Zealand. Carol has extensive financial experience and a sound understanding of efficient Board governance. Carol holds a number of directorships across a broad spectrum of companies including T&G Global, New Zealand Post, NZME and Kiwibank. 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.

Carmel Fisher CNZM, BCA, INFINZ (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 was an investment analyst and portfolio manager for several stockbroking and institutional firms before launching Fisher Funds as a boutique fund manager. She was managing director of Fisher Funds for 20 years before retiring and selling the company in 2017. Carmel is also a director of Barramundi, Marlin Global and New Zealand Trade & Enterprise. Carmel's principal place of residence is Auckland.

Carmel was made a Companion of the New Zealand Order of Merit in the 2019 New Year's honours for her services to the New Zealand finance industry.

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

Andy Coupe LLB

Chair of Investment Committee
Independent Director

Andy Coupe has extensive commercial and capital markets experience having worked in a number of sectors within the financial markets over the last 30 years. Andy was formerly a consultant in investment banking at UBS New Zealand Limited, where his role principally encompassed equity capital markets 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 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 2019

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 2019, Kingfish was in compliance with the NZX Code, with the exception of recommendations 4.3[1] and 5.3[2] 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 "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 relevant 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.

[1] *Kingfish does not have a formal environmental, social and governance (ESG) framework.*

[2] *There is no CEO remuneration disclosure as Kingfish delegates its management personnel requirements to Fisher Funds pursuant to an Administration Services Agreement.*

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, the directors are required to retire by rotation and may offer themselves for re-election by shareholders each year. Procedures for the appointment and removal of directors are also governed by the constitution. The Remuneration and Nominations Committee is responsible for identifying and nominating candidates to fill director vacancies for board approval.

WRITTEN AGREEMENT

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

DIRECTOR INFORMATION AND INDEPENDENCE

The board comprises four directors with diverse backgrounds, skills, knowledge, experience and perspectives. Information about each director including a profile of experience is available on page 28 of this Annual Report and also on the 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 2019, the board considers that Alistair Ryan (Chair), Carol Campbell, and Andy Coupe are independent directors. As at 31 March 2019, the board considers that Carmel Fisher is not an independent director by virtue of the previous roles she held within Fisher Funds.

Information in respect of directors' ownership interests is available on page 60.

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:

	Number		Proportion	
2019	**Female**	**Male**	**Female**	**Male**
Directors	2	2	50%	50%

	Number		Proportion	
2018	**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 2019.

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, and any recommendations they make are recommendations to 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 one Investment Committee meeting were held in the 2019 financial year. 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	1/1
Andy Coupe	8/8	2/2	1/1	1/1
Carmel Fisher	8/8	2/2*	1/1	1/1
Alistair Ryan	8/8	2/2	1/1	1/1

** 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 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, and 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, and Alistair Ryan; and non-independent director Carmel Fisher.

CORPORATE GOVERNANCE STATEMENT CONTINUED

TAKEOVER RESPONSE PROTOCOLS

During the 2019 financial year, the board 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 "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 2019, 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 $157,500 (plus GST if any) was approved by shareholder resolution at the 2018 Annual Shareholders' Meeting and became effective on 1 July 2018.

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 2019.

Directors' remuneration* for the 12 months ended 31 March 2019

A B Ryan (Chair)	$50,000[(1)]
C A Campbell	$37,500[(2)]
R A Coupe	$37,500[(3)]
C M Fisher	$24,375

**excludes GST*

(1) $4,979 of this amount (being 10% of the annual fee) was applied to the purchase of 3,661 shares under the Kingfish share purchase plan.

(2) $3,735 of this amount (being 10% of the annual fee) was applied to the purchase of 2,746 shares under the Kingfish share purchase plan. C A Campbell receives $5,000 as Chair of the Audit and Risk Committee.

(3) $3,735 of this amount (being 10% of the annual fee) was applied to the purchase of 2,746 shares under the Kingfish share purchase plan. R A Coupe receives $5,000 as Chair of the Investment Committee.

For the 2019 financial year, Carmel Fisher received a director's fee from 1 July 2018.

Details of remuneration paid to directors are also disclosed in note 11 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 fees 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.

CORPORATE MANAGEMENT REMUNERATION

Kingfish delegates its management personnel requirements to Fisher Funds pursuant to an Administration Services Agreement.

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 2019 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, however the company fosters a culture of excellence in all areas of risk management and takes all operating and compliance risk obligations seriously. 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 2019 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 31 July 2019, 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 2024.

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 (pre 1 January 2019) 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 2019

We present the financial statements for Kingfish Limited for the year ended 31 March 2019.

We have ensured that the financial statements for Kingfish Limited present fairly the financial position of the Company as at 31 March 2019 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 24 May 2019.

Alistair Ryan

Carmel Fisher

Carol Campbell

Andy Coupe

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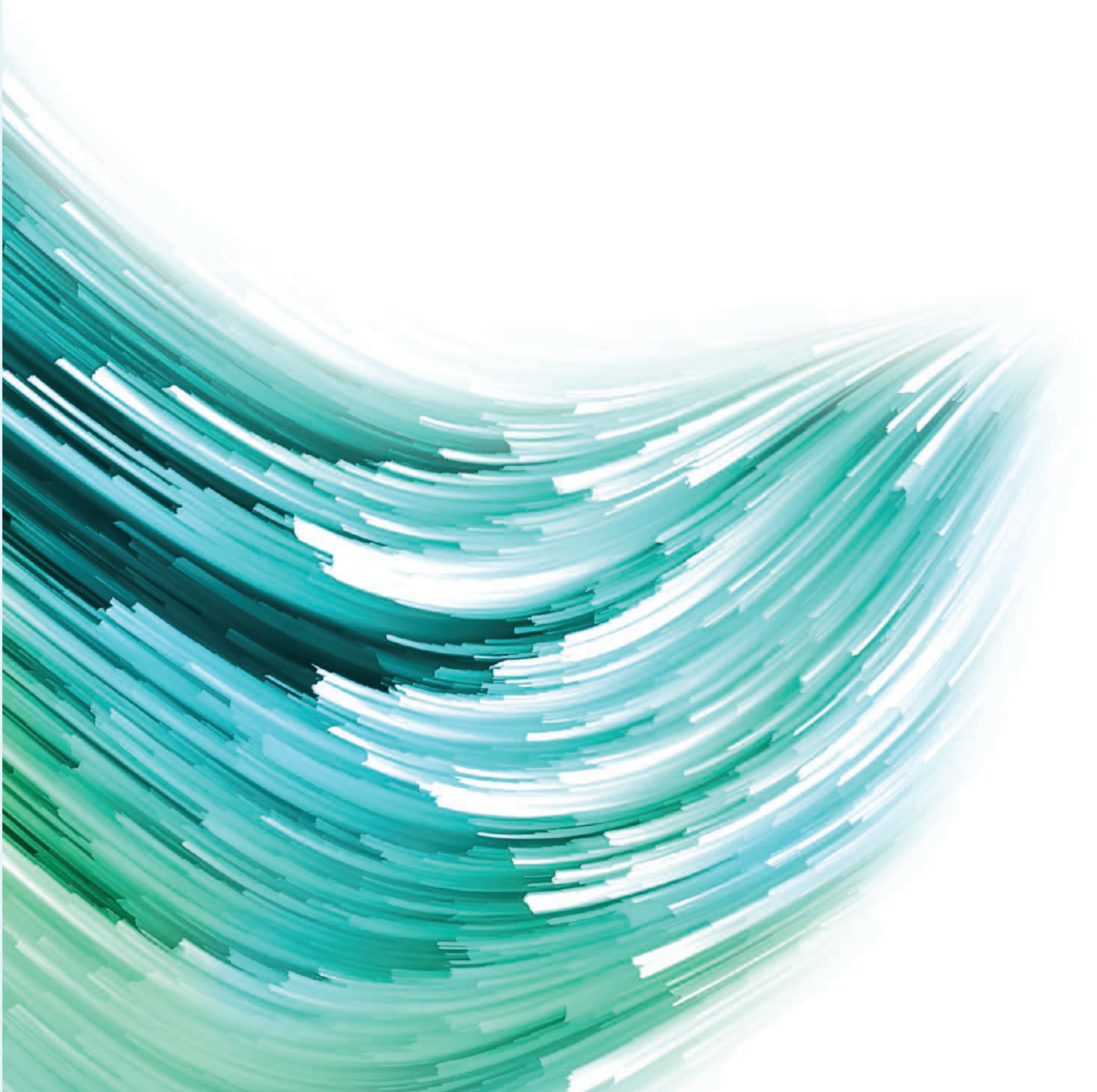

KINGFISH LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2019

	Notes	2019 $000	2018 $000
Interest income		279	237
Dividend income		6,545	7,672
Net changes in fair value of investments	2	49,488	32,493
Other income	3	0	2,959
Total net income		56,312	43,361
Operating expenses	4	9,170	6,996
Operating profit before tax		47,142	36,365
Total tax expense	5	79	39
Net operating profit after tax attributable to shareholders		47,063	36,326
Total comprehensive income after tax attributable to shareholders		47,063	36,326
Basic earnings per share	7	24.24c	19.62c
Diluted earnings per share	7	23.81c	19.51c

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

KINGFISH LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2019

	Notes	*Attributable to shareholders of the company*			
		Share Capital	Performance Fee Reserve	Retained Earnings	Total Equity
		$000	$000	$000	$000
Balance at 31 March 2017		164,729	417	54,924	220,070
Comprehensive income					
Profit for the year		0	0	36,326	36,326
Other comprehensive income		0	0	0	0
Total comprehensive income for the year ended 31 March 2018		0	0	36,326	36,326
Transactions with owners					
Dividends paid	6	0	0	(21,215)	(21,215)
Share buybacks		(3,095)	0	0	(3,095)
Shares issued from treasury stock under dividend reinvestment plan	6	2,871	0	0	2,871
New shares issued under dividend reinvestment plan	6	5,057	0	0	5,057
Shares issued for warrants exercised	6	35,148	0	0	35,148
Prior year Manager's performance fee settled with ordinary shares		297	(301)	0	(4)
Prior year Manager's performance fee settled with treasury stock		116	(116)	0	0
Manager's performance fee to be settled with ordinary shares		0	1,118	0	1,118
Total transactions with owners the year ended 31 March 2018		40,394	701	(21,215)	19,880
Balance at 31 March 2018		205,123	1,118	70,035	276,276
Comprehensive income					
Profit for the year		0	0	47,063	47,063
Other comprehensive income		0	0	0	0
Total comprehensive income for the year ended 31 March 2019		0	0	47,063	47,063
Transactions with owners					
Dividends paid	6	0	0	(22,816)	(22,816)
Share buybacks		(546)	0	0	(546)
Shares issued from treasury stock under dividend reinvestment plan	6	462	0	0	462
New shares issued under dividend reinvestment plan	6	8,165	0	0	8,165
Prior year Manager's performance fee settled with ordinary shares		1,089	(1,096)	0	(7)
Prior year Manager's performance fee settled with treasury stock		22	(22)	0	0
Manager's performance fee to be settled with ordinary shares		0	2,043	0	2,043
Warrant issue costs	6	(19)	0	0	(19)
Total transactions with owners for the year ended 31 March 2019		9,173	925	(22,816)	(12,718)
Balance at 31 March 2019		214,296	2,043	94,282	310,621

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

KINGFISH LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2019

	Notes	2019 $000	2018 $000
SHAREHOLDERS' EQUITY	6	310,621	276,276
Represented by:			
ASSETS			
Current Assets			
Cash and cash equivalents	10	19,274	10,768
Trade and other receivables	8	12,810	4,317
Investments at fair value through profit or loss	2	281,547	264,395
Current tax receivable	5	0	10
Total Current Assets		313,631	279,490
TOTAL ASSETS		313,631	279,490
LIABILITIES			
Current Liabilities			
Trade and other payables	9	3,010	3,214
Total Current Liabilities		3,010	3,214
TOTAL LIABILITIES		3,010	3,214
NET ASSETS		310,621	276,276

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

A B Ryan / *Chair*
24 May 2019

C A Campbell / *Chair of the Audit and Risk Committee*
24 May 2019

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

KINGFISH LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2019

	Notes	2019 $000	2018 $000
Operating Activities			
Sale of investments		92,589	78,079
Interest received		280	236
Dividends received		6,636	7,516
Other income received		3,109	(10)
Purchase of investments		(73,140)	(91,068)
Operating expenses		(6,147)	(5,316)
Taxes paid		(69)	(39)
Net cash inflows/(outflows) from operating activities	10	23,258	(10,602)
Financing Activities			
Proceeds from warrants exercised		0	35,148
Share buybacks		(544)	(3,095)
Warrant issue costs		(19)	0
Dividends paid (net of dividends reinvested)		(14,189)	(13,287)
Net cash (outflows)/inflows from financing activities		(14,752)	18,766
Net increase in cash and cash equivalents held		8,506	8,164
Cash and cash equivalents at beginning of the year		10,768	2,604
Cash and cash equivalents at end of the year	10	19,274	10,768

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

KINGFISH LIMITED
NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

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).

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

The 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.

Accounting Policies

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

The accounting policies adopted have been consistently applied to all years presented, unless otherwise stated.

The Company adopted NZ IFRS 9 Financial Instruments (replacing NZ IAS 39 Financial Instruments: Recognition and Measurement) from 1 April 2018 and applied the standard retrospectively, but has elected not to restate comparative information. From 1 April 2018, the Company classifies the financial assets and liabilities in the following measurement categories:

» those to be measured at fair value through profit or loss (previously measured as designated at fair value through profit or loss and available-for-sale financial assets), and

» those to be measured at amortised cost (previously measured as loans and receivables).

The adoption of NZ IFRS 9 has had no material impact on the Company's financial statements and no material adjustments are noted on transition.

Under NZ IFRS 9, on initial recognition of a financial asset, the Company needs to assess on a forward looking basis, the expected credit loss associated with the financial assets carried at amortised cost. At each reporting date, the credit risk of a financial asset, apart from trade receivables, is assessed to determine whether there has been a significant increase in the credit risk. During the assessment the Company will consider both forward looking information and the financial history of counterparties to assess the probability of default or likelihood that full settlement is not received. Trade receivables will be assessed against the simplified approach of a lifetime expected loss allowance.

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

Critical Judgements, Estimates and Assumptions

The preparation of financial statements requires the directors to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Judgements are designated by a j symbol in the notes to the financial statement. There were no material estimates or assumptions required in the preparation of these financial statements.

KINGFISH LIMITED
NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2019

NOTE 1 BASIS OF ACCOUNTING CONTINUED

Authorisation of Financial Statements

The Kingfish Board of Directors authorised these financial statements for issue on 24 May 2019.

No party may change these financial statements after their issue.

NOTE 2 INVESTMENTS

Given that the investment portfolio is managed, and performance is evaluated on a fair value basis in accordance with a documented investment strategy, Kingfish has classified all its investments at fair value through profit or loss.

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.

Financial assets at fair value through profit or loss comprise of New Zealand listed equity investment assets.

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

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

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. If inputs are not based on observable market data, they are categorised as Level 3.

All listed equity investments held by Kingfish are categorised as Level 1. There have been no transfers between levels of the fair value hierarchy during the year (31 March 2018: none).

There were no financial instruments classified as Level 2 or 3 at 31 March 2019 (31 March 2018: none).

NOTE 3 OTHER INCOME

	2019 $000	2018 $000
GST refund (note 11)	0	2,968
Underwriting income	0	15
Foreign exchange losses on cash and cash equivalents	0	(24)
Total other income	0	2,959

NOTE 4 OPERATING EXPENSES

	2019 $000	2018 $000
Management fees (note 11)	3,657	3,348
Performance fees (note 11)	4,322	2,370
Administration services (note 11)	159	159
Directors' fees (note 11)	168	126
Custody, accounting and brokerage	548	702
Investor relations and communications	128	122
NZX fees	62	60
Professional fees	40	30
Fees paid to the auditor:		
Statutory audit and review of financial statements	39	38
Other assurance services[1]	0	4
Non assurance services[1]	2	6
Other operating expenses	45	31
Total operating expenses	9,170	6,996

[1] Other assurance services relate to a share and warrant 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 (2018: nil).

NOTE 5 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 difference 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 $7,780,623 at 31 March 2019 (2018: $5,696,419) 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.

KINGFISH LIMITED
NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2019

NOTE 5 TAXATION CONTINUED

Taxation expense is determined as follows:	**2019 $000**	**2018 $000**
Operating profit before tax	47,142	36,365
Non-taxable realised gain on investments	(24,910)	(20,191)
Non-taxable unrealised gain on investments	(24,556)	(12,189)
Imputation credits	2,133	2,325
Non-deductible expenditure	490	608
Taxable income	299	6,918
Tax at 28%	84	1,937
Imputation credits	(2,133)	(2,325)
Deferred tax not recognised	2,085	427
Forfeit of foreign tax credits	43	0
Total tax expense	79	39
Taxation expense comprises:		
Current tax	79	39
	79	39
Current tax balance		
Opening balance	10	10
Current tax expense	(79)	(39)
Tax (refund)/paid	69	39
Current tax receivable	0	10

Imputation credits

The imputation credits available for subsequent reporting periods total $501,366 (2018: $559,757). 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 2019.

NOTE 6 SHAREHOLDERS' EQUITY

Share Capital

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

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

Kingfish has 197,889,673 fully paid ordinary shares on issue (2018: 190,935,279). 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.

Buybacks

Kingfish maintains an ongoing share buyback programme. For the year ended 31 March 2019, Kingfish had acquired 395,172 (2018: 2,372,227) shares under the programme which allows up to 5% of the ordinary shares on issue (as at the date 12 months prior to the acquisition) to be acquired. Shares acquired under the buyback programme are held as treasury stock and subsequently reissued to shareholders under the dividend reinvestment plan. There were 46,377 shares held as treasury stock at balance date (31 March 2018: 15,000 shares held as treasury stock).

Warrants

On 19 July 2018, 48,368,533 new Kingfish warrants were allotted and quoted on the NZX Main Board on 20 July 2018. One new warrant was issued to all eligible shareholders for every four shares held on record date (18 July 2018). The warrants are exercisable at $1.37 per warrant, adjusted down for dividends declared during the period up to the exercise date of 12 July 2019. Warrant holders can elect to exercise some or all of their warrants on the exercise date subject to a minimum exercise of 200 warrants. The net cost of issuing the warrants is deducted from share capital.

On 5 May 2017, 29,106,763 warrants were exercised at $1.21 per warrant and the remaining 9,069,890 warrants lapsed.

Dividends

Dividend distributions to the Company's shareholders are recognised as a liability in the financial statements in the period in which the dividends are declared by the Kingfish board.

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

	2019 $000	Cents per share		2018 $000	Cents per share
29 Jun 2018	5,542	2.89	29 Jun 2017	5,211	2.79
28 Sep 2018	5,798	3.00	29 Sep 2017	5,197	2.77
21 Dec 2018	5,919	3.04	22 Dec 2017	5,336	2.83
28 Mar 2019	5,557	2.83	29 Mar 2018	5,471	2.89
	22,816	11.76		21,215	11.28

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 2019, 6,509,043 ordinary shares totalling $8,627,664 (2018: 6,328,588 ordinary shares totalling $7,927,506) 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 to be paid in ordinary shares 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.

KINGFISH LIMITED
NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2019

NOTE 7 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares on issue during the year. Diluted earnings per share assumes conversion of all dilutive potential ordinary shares in determining the denominator. Potential ordinary shares include outstanding warrants.

Basic earnings per share	**2019 $000**	**2018 $000**
Profit attributable to owners of the Company	47,063	36,326
Weighted average number of ordinary shares on issue net of treasury stock ('000)	194,119	185,176
Basic earnings per share	24.24c	19.62c

Diluted earnings per share	**2019 $000**	**2018 $000**
Profit attributable to owners of the Company	47,063	36,326
Weighted average number of ordinary shares on issue net of treasury stock ('000)	194,119	185,176
Diluted effect of warrants on issue ('000)	2,162	173
Ordinary shares to be issued under performance fee arrangement ('000)	1,409	841
	197,690	186,190
Diluted earnings per share	23.81c	19.51c

NOTE 8 TRADE AND OTHER RECEIVABLES

Trade and other receivables are classified as financial assets at amortised cost 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 trade and other receivables' carrying values are a reasonable approximation of fair value.

	2019 $000	2018 $000
Dividends receivable	991	1,083
Interest receivable	0	1
Unsettled investment sales[1]	11,778	99
Related party receivable (note 11)	0	3,109
Other receivables	41	25
Total trade and other receivables	12,810	4,317

[1] On 6 March 2019, Kingfish accepted an unconditional and irrevocable takeover offer for the Restaurant Brand shares subject to scaled back acceptance ratio. This has been settled on 2 April 2019.

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 trade and other payables' carrying values are a reasonable approximation of fair value.

	2019 $000	2018 $000
Related party payable (note 11)	2,620	1,563
Unsettled investment purchases	334	1,542
Other payables and accruals	56	109
Total trade and other payables	3,010	3,214

KINGFISH LIMITED
NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2019

NOTE 10 CASH AND CASH FLOW RECONCILIATION

Cash and Cash Equivalents

Cash and cash equivalents are classified as financial assets at amortised cost and comprise cash on deposit at banks and short-term money market deposits.

	2019 $000	2018 $000
Cash - New Zealand	19,274	10,768
Cash and Cash Equivalents	19,274	10,768

Reconciliation of Net Operating Profit after Tax to Net Cash Flows from Operating Activities	2019 $000	2018 $000
Net operating profit after tax	47,063	36,326
Items not involving cash flows		
Unrealised gains on revaluation of investments	(24,556)	(12,654)
	(24,556)	(12,654)
Impact of changes in working capital items		
(Decrease)/increase in fees and other payables	(204)	2,155
(Increase)/decrease in interest, dividends and other receivables	(8,493)	773
Change in current tax	10	0
	(8,687)	2,928
Items relating to investments		
Amount paid for purchases of investments	(73,140)	(91,068)
Amount received from sales of investments	92,589	77,999
Return of capital	0	80
Realised gains on investments	(24,932)	(19,841)
Decrease/(increase) in unsettled purchases of investments	1,208	(1,422)
Increase/(decrease) in unsettled sales of investments	11,679	(4,064)
	7,404	(38,316)
Other		
Performance fee to be settled by issue of shares	2,043	1,118
Increase in share buybacks payable	(2)	0
Expenses in relation to prior year's performance fee settled by issue of shares	(7)	(4)
	2,034	1,114
Net cash inflows/(outflows) from operating activities	23,258	(10,602)

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 for the first four months of the financial year. In return for the performance of its duties as Manager, Fishers Funds is paid the following fees:

(i) Management fee: 1.25% (plus GST) per annum of the gross asset value, calculated weekly and payable monthly in arrears. The fee reduces if the Manager underperforms, thereby aligning the Manager's interests with those of the 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% (plus GST) of excess returns over and above the performance fee hurdle return (being the change in the NZ 90 Day Bank Bill Index plus 7%) subject to achieving the High Water Mark ("HWM").

The HWM is the dollar amount by which the net asset value per share exceeds the highest net asset value per share (after adjustment for capital changes and distributions) at the end of any previous calculation period in which a performance fee was payable, multiplied by the number of shares at the end of the period.

In accordance with the terms of the Management Agreement, when a performance fee is earned, it is paid within 30 days of the balance date and 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. Ordinary shares issued to the Manager rank equally in all respects with existing ordinary 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.

At 31 March 2019 the Manager achieved a return in excess of the performance fee hurdle return and the HWM. For the year ended 31 March 2019, excess returns of $29,492,561 (2018: $16,217,166) were generated and the net asset value per share before the deduction of a performance fee was $1.58 (2018: $1.45), which exceeded the HWM after adjustment for capital changes and distributions of $1.31 (2018: $1.25). Accordingly, the Company has expensed a performance fee of $4,321,567 (2018: $2,370,390) which is made up of $4,490,242 (including GST) earned by the Manager and $168,675 from a post balance date adjustment. See note 17 for full details of how the performance fee was settled for the year ended 31 March 2019.

KINGFISH LIMITED

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2019

NOTE 11 RELATED PARTY INFORMATION CONTINUED

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

Fees earned and payable:	2019 $000	2018 $000
Fees paid to the Manager for the year ending 31 March		
Management fees	3,657	3,348
Performance fees	4,322	2,370
Administration services	159	159
Total fees paid to the Manager	8,138	5,877
Fees payable to the Manager at 31 March		
Management fees	329	297
Performance fees payable in cash	2,278	1,253
Administration services	13	13
Total fees payable to the Manager	2,620	1,563

Investments by the Manager

The Manager held shares in, and received dividends from, the Company at 31 March 2019 which total 1.81% of the total shares on issue (2018: 1.42% of the total shares 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 2019 totalled $3,527,455 (2018: $4,009,325) and sales totalled $453,396 (2018: $3,522,356).

GST Refund

Fisher Funds historically charged Kingfish GST at the standard GST rate on the provision of investment services. In 2017 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).

Fisher Funds received $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 2018, Fisher Funds passed the refund and UOMI to Kingfish.

In the 2018 Statement of Comprehensive Income, the portion of the GST refund relating to historical years of $2,785,172 and UOMI of $182,873, which totalled $2,968,045, was recognised as other income, with the balance of $140,754 relating to the 2018 year recognised as a reduction in management fee expense. The GST refund and UOMI was excluded from the 2018 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 $125,000 to $157,500 (plus GST if any) per annum on 1 July 2018. The amount paid to directors is disclosed in note 4 under directors' fees (all four 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:

	2019	2018
Fisher and Paykel Healthcare Corporation Ltd	15%	12%
The A2 Milk Company Limited	15%	8%
Mainfreight Ltd	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.

The Company may use short-term fixed rate borrowings to fund investment opportunities. There were no borrowings at 31 March 2019 (2018: nil).

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.

KINGFISH LIMITED
NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2019

NOTE 12 FINANCIAL RISK MANAGEMENT CONTINUED

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:

		2019 $000	2018 $000
Price risk[1]			
Investments at fair value through profit or loss (listed)	Carrying value	281,547	264,395
	Impact of a 10% change in market prices: +/-	28,155	26,440
Interest rate risk[2]			
Cash and cash equivalents	Carrying value	19,274	10,768
	Impact of a 1% change in interest rates: +/-	193	108

[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 historical volatility. 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.

The Company measures credit risk and expected credit losses using probability of default, exposure at default and loss given default. Management considers both historical analysis and forward looking information in determining any expected credit loss. At 31 March 2019 and 31 March 2018, all other receivables, and cash are held with counterparties with a credit rating of S&P A-1+ or equivalent and are normally settled within three business days. Management considers the probability of default to be close to zero as the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised based on 12 month expected credit losses as any such impairment would be wholly insignificant to the Company.

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. Dividends receivable are due from listed New Zealand companies and are normally settled within a month after the Ex-Dividend date. The Company has cash with banks registered in New Zealand 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 2019 (2018: 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 2019 was $1.57 per share (2018: $1.45) calculated as the net assets of $310,621,130 divided by the number of shares on issue of 197,889,673 (2018: net assets of $276,275,597 and 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 2019 (2018: 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 $4,490,242 relating to the year ended 31 March 2019 on 30 April 2019 as follows:

  1. Fisher Funds used half of the performance fee (excluding GST) to subscribe for Kingfish ordinary shares at the audited 31 March 2019 net asset value per share of $1.57 (rounded to two decimal places). Accordingly, Kingfish issued 1,409,150 ordinary shares totalling $2,211,942;
  2. The balance of $2,278,300 (including GST) was paid in cash to Fisher Funds.

(ii) A post balance date adjustment of $168,675 was made to reduce the cost of the performance fee, to recognise the difference between audited 31 March 2019 net asset value per share ($1.57) and the share price on 30 April 2019 when the performance fee was paid to Fisher Funds ($1.45); and

(iii) The Board declared a dividend of 3.07 cents per share on 20 May 2019. The record date for this dividend is 13 June 2019 with a payment date of 27 June 2019.

On 29 March 2019, the Company announced a change in the performance fee structure. The Board negotiated a 33% reduction to the performance fee earn rate (above the performance hurdle) from 15% to 10% together with the introduction of a cap (1.25%) on the total performance fee amount in conjunction with moving to payment of any performance fee 100% in cash rather than 50% cash and 50% shares. The changes take effect from 1 April 2019.

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 2019;
- 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 2019, 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 an additional service for the Company in the area of agreed upon procedures in relation to the performance fee calculation. The provision of this service has not impaired our independence.

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Our audit approach

Overview

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

Overall materiality: $1,553,000, 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 $150,000, 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 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
Valuation and existence of investments at fair value through profit or loss Investments at fair value through profit or loss (the investments) are valued at $281.5 million and represent 90% of total assets. Further disclosures on the investments are included at note 2 to the financial statements. This was an area of focus for our audit and an area where significant audit effort was directed. As at 31 March 2019, all investments are in companies that were listed on the NZX Main Board and were actively traded with readily available, quoted market prices. All investments are held by the Custodian on behalf of the Company and administered by the Administrator.	Our audit procedures included updating our understanding of the business processes employed by the Company for accounting for, and valuing, their investment portfolio. We obtained confirmation from the Custodian that the Company was the recorded owner of all the investments. 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 2018 and 31 March 2019. We agreed the price for all investments held at 31 March 2019 to independent third party pricing sources. From the procedures performed, we have no matters to report.

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:

PricewaterhouseCoopers

Chartered Accountants
24 May 2019

Auckland

SHAREHOLDER INFORMATION

SPREAD OF SHAREHOLDERS AS AT 10 MAY 2019

Holding Range	# of Shareholders	# of Shares	% of total
1 to 999	330	154,672	0.08
1,000 to 4,999	915	2,512,744	1.26
5,000 to 9,999	835	5,891,298	2.96
10,000 to 49,999	2,162	48,810,991	24.50
50,000 to 99,999	468	31,970,140	16.04
100,000 to 499,999	335	62,906,804	31.57
500,000 +	37	47,012,174	23.59
TOTAL	5,082	199,258,823	100%

20 LARGEST SHAREHOLDERS AS AT 10 MAY 2019

	# of Shares	% of Total
ASB NOMINEES LIMITED <339992 A/C>	4,960,219	2.49
ASB NOMINEES LIMITED <ACCOUNT 340941 - ML>	4,902,030	2.46
CUSTODIAL SERVICES LIMITED <A/C 6>	3,186,848	1.60
CUSTODIAL SERVICES LIMITED <A/C 4>	3,034,153	1.52
STEPHEN JAMES THORNTON + BERNARDINA ALEIDA MARIA SCHOLTEN + MACALISTER MAZENGARB TRUST COMPANY LIMITED <THE THORNTON-SCHOLTEN FAMILY A>	2,404,687	1.21
FNZ CUSTODIANS LIMITED	2,179,723	1.09
MICHAEL JOHN EDGAR + SUSAN MARGARET NEMEC + CHARTERHALL TRUSTEES LIMITED <EDGAR-NEMEC FAMILY A/C>	1,626,245	0.82
FORSYTH BARR CUSTODIANS LIMITED <1-CUSTODY>	1,445,657	0.73
INVESTMENT CUSTODIAL SERVICES LIMITED <A/C C>	1,419,897	0.71
MURRAY JOHN LOMBARD ALDRIDGE + LESLEY ANN ALDRIDGE + NICHOLAS CORPORATE TRUSTEE CO LTD <ALDRIDGE FAMILY A/C>	1,393,826	0.70
DAVID ROBERT APPLEBY + PRUDENCE JANE COTTER <DAVID APPLEBY INVESTMENT A/C>	1,200,000	0.60
DAVID HUGH BROWN + SUSANNA LLEWELLYN BROWN	1,150,000	0.58
SEATON STUART JAMES BENNY	1,057,264	0.53
LLOYD JAMES CHRISTIE	1,049,504	0.53
CUSTODIAL SERVICES LIMITED <A/C 2>	1,007,145	0.51
PAMELA JEAN GILLIES	1,000,000	0.50
ALBERT JOHN HARWOOD + MARLENE MARY HARWOOD	1,000,000	0.50
CUSTODIAL SERVICES LIMITED <A/C 3>	952,502	0.48
STEPHEN THOMAS WRIGHT	875,355	0.44
CITIBANK NOMINEES (NEW ZEALAND) LIMITED - NZCSD <CNOM90>	789,609	0.40
TOTAL	36,634,664	18.40

SPREAD OF WARRANT HOLDERS AS AT 10 MAY 2019

Holding Range	# of Warrant Holders	# of warrants	% of Total
1 to 999	931	432,358	0.89
1,000 to 4,999	1,875	4,761,964	9.85
5,000 to 9,999	788	5,436,235	11.24
10,000 to 49,999	729	14,365,932	29.7
50,000 to 99,999	96	6,532,223	13.51
100,000 to 499,999	65	11,606,422	24
500,000 +	6	5,233,399	10.82
TOTAL	4,490	48,368,533	100%

20 LARGEST WARRANT HOLDERS AS AT 10 MAY 2019

	# of Warrants	% of Total
ASB NOMINEES LIMITED <ACCOUNT 340941 - ML>	1,225,508	2.53
TAREWAI FISHING COMPANY LIMITED	1,213,069	2.51
ANTHONY FRANCIS O'DONNELL + EVONNE RUBY O'DONNELL	880,000	1.82
CUSTODIAL SERVICES LIMITED <A/C 6>	796,712	1.65
CUSTODIAL SERVICES LIMITED <A/C 4>	600,498	1.24
OHARIU INVESTMENTS LIMITED	517,612	1.07
FORSYTH BARR CUSTODIANS LIMITED <1-CUSTODY>	485,168	1.00
FNZ CUSTODIANS LIMITED	431,315	0.89
HSBC NOMINEES (NEW ZEALAND) LIMITED - NZCSD <HKBN90>	404,128	0.84
ASB NOMINEES LIMITED <A/C 210631 - ML>	375,000	0.78
STEPHEN JAMES THORNTON + BERNARDINA ALEIDA MARIA SCHOLTEN + MACALISTER MAZENGARB TRUST COMPANY LIMITED <THE THORNTON-SCHOLTEN FAMILY A>	362,793	0.75
INVESTMENT CUSTODIAL SERVICES LIMITED <A/C C>	310,038	0.64
STEVEN RICHARD LOCKWOOD	309,394	0.64
DAVID ROBERT APPLEBY + PRUDENCE JANE COTTER <DAVID APPLEBY INVESTMENT A/C>	300,000	0.62
TEMUCHIN LIMITED	262,817	0.54
LLOYD JAMES CHRISTIE	262,376	0.54
RICHARD ALEXANDER COUTTS	256,252	0.53
PAMELA JEAN GILLIES	241,250	0.50
ROSS SINCLAIR QUAYLE	224,827	0.46
ROBERT WONG + CHRISTEIN JOE WONG	205,206	0.42
TOTAL	9,663,963	19.97

STATUTORY INFORMATION

DIRECTORS' RELEVANT INTERESTS IN EQUITY SECURITIES AT 31 MARCH 2019

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 2019 are as follows:

	Ordinary Shares		*Warrants*	
	Held Directly	Held by Associated Persons	Held Directly	Held by Associated Persons
A B Ryan[1]		37,952	9,071	
C M Fisher		4,902,030		1,225,508
C A Campbell[2]	25,006		5,853	
R A Coupe[3]	22,932		5,367	

[1] *A B Ryan purchased 3,661 shares in the year ended 31 March 2019, purchased on market as per the terms of the share purchase plan (purchase price $1.36). A B Ryan acquired 2,439 shares in the year ended 31 March 2019, issued under the dividend reinvestment plan (average issue price $1.33).*

[2] *C A Campbell purchased 2,746 shares in the year ended 31 March 2019, purchased on market as per the terms of the share purchase plan (purchase price $1.36). C A Campbell acquired 2,093 shares in the year ended 31 March 2019, issued under the dividend reinvestment plan (average issue price $1.33).*

[3] *R A Coupe purchased 2,746 shares in the year ended 31 March 2019, purchased on market as per the terms of the share purchase plan (purchase price $1.36). R A Coupe acquired 1,920 shares in the year ended 31 March 2019, issued under the dividend reinvestment plan (average issue price $1.33).*

DIRECTORS HOLDING OFFICE

Kingfish's directors as at 31 March 2019 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 2018 Annual Shareholders' Meeting, Carol Campbell retired by rotation and being eligible was re elected. Alistair Ryan and Camel Fisher retire by rotation at the 2019 Annual Shareholders' Meeting and being eligible, offers themselves 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.

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 2019:

A B Ryan	Barramundi Limited	Director
	Marlin Global Limited	Director
	Metlifecare Limited	Director
	Evolve Education Group Limited[1]	Director
	Kiwibank Limited	Director
	Audit Oversight Committee	Member
C M Fisher	Barramundi Limited	Director
	Marlin Global 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
	Asset Plus Limited	Director
	NZME Limited	Director
	Nica Consulting Limited	Director
	Cord Bank Limited	Director
	T&G Insurance Limited	Director
	Bankside Chambers Limited	Director
	Chubb Insurance New Zealand Limited	Director
R A Coupe	Barramundi Limited	Director
	Marlin Global Limited	Director
	New Zealand Takeovers Panel	Chair
	Coupe Consulting Limited	Director
	Gentrack Group Limited	Director
	Briscoe Group Limited	Director
	Television New Zealand Limited	Director

[1] *Retired 15 June 2019*

AUDITOR'S REMUNERATION

During the 31 March 2019 year the following amounts were paid/payable to the auditor, PricewaterhouseCoopers New Zealand.

	$000
Statutory audit and review of financial statements	39
Other assurance services	0
Non assurance services	2

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

DONATIONS

Kingfish did not make any donations during the year ended 31 March 2019.

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 MANAGEMENT TEAM

Wayne Burns
Beverley Sutton

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.investorcentre.com\NZ

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

KINGFISH

LANDING TOMORROW'S TROPHIES