



# 2016

## annual report





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## at a glance

at 31 March 2016

NAV  
PER  
SHARE

**\$1.37**

SHARE  
PRICE

**\$1.31**

DISCOUNT

**4.3%**

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

# dividends paid

during the year ended 31 March 2016 (cents per share)

**2.71<sub>cps</sub>**  
JUNE 2015

**2.66<sub>cps</sub>**  
SEPTEMBER 2015

**2.58<sub>cps</sub>**  
DECEMBER 2015

**2.65<sub>cps</sub>**  
MARCH 2016

**10.60<sub>cps</sub>**  
TOTAL FOR THE YEAR ENDED 31 MARCH 2016

## 2016/2017 Calendar

**Next Dividend Payable**  
24 June 2016

**Annual Shareholders' Meeting**  
29 July 2016, 10:30am,  
Ellerslie Event Centre, Auckland

**June Quarter Update Newsletter**  
August 2016

**Interim Period End**  
30 September 2016

**Interim Report to 30 September 2016**  
December 2016

**December Quarter Update Newsletter**  
February 2017

**Warrant Exercise Date**  
5 May 2017

## About the Company

**Kingfish Limited** ("Kingfish" or "the company") is a listed investment company that invests in 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

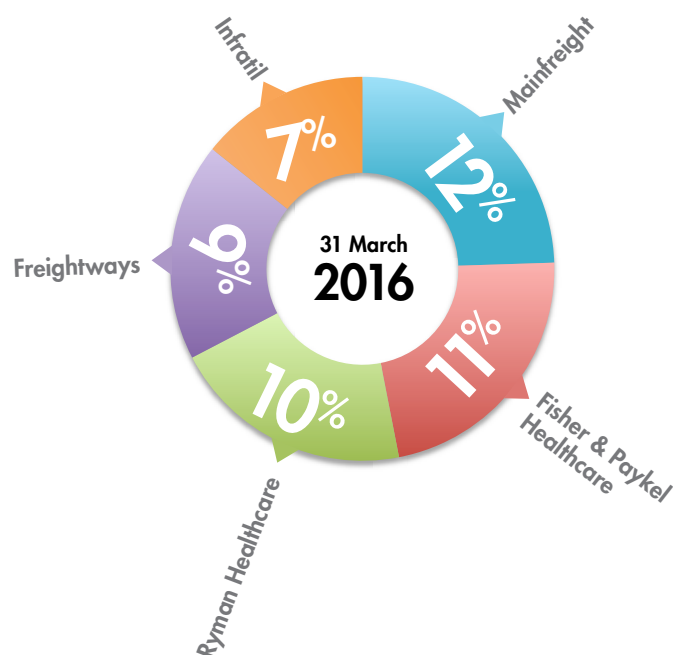
The key investment objectives of Kingfish are to:

- 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 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 selling 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 12 and 13).



## top five investments



# Directors' Overview

The 2016 financial year has been another positive year for Kingfish, with the company achieving a net profit of \$22.5m, an increase of 89% on last year. Over the past five years, the portfolio has produced a total profit in excess of \$94m, and given shareholders a return in excess of 110%, through regular dividends, warrant issues, and a continual increase in share price.

After the New Zealand share market had a negative start for the first six months of the 2016 financial year, it finished the year strongly with the S&P/NZX50G Index rising 15.7%. For the same period, the Kingfish portfolio returned 12.9%, after fees and tax, and adjusting for 10.6 cents per share paid in dividends and the dilution effect from the warrants exercised. The Kingfish portfolio's return was in line with the S&P/NZX50G Index excluding fees and tax.

Total shareholder return (TSR)\* was lower this year at 3.3%. TSR\* was impacted by Kingfish's share price falling 4.4% from \$1.37 (as at 31 March 2015) to \$1.31 (as at 31 March 2016). Pleasingly, since year end the share price has rebounded to \$1.39 (as at 10 June 2016). During the year, shareholders received regular dividends totalling 10.6 cents per share and had the opportunity to partake in Kingfish's warrant exercise at \$1.18 per warrant.

## Five-Year Summary

Figure 1 (on page 7) summarises the five-year performance history for the years ended 31 March 2012–2016. The summary shows a narrowing of the discount from 16.0% to 4.3% and shareholder returns that exceed the market in four out of the past five years (this year being the exception).

## Dividends

In accordance with Kingfish's distribution policy (2.0% of average NAV paid four times per annum), the company paid 10.6 cents per share in dividends during the year. The next dividend payment will be 2.69 cents per share, payable on 24 June 2016 with a record date of 9 June 2016.

### Recent change to Non-GAAP measures:

Due to a regular issue of warrants, the adjusted net asset value and total shareholder return now take into consideration the impact of the warrants on issue and when exercised, as well as the dividends paid to shareholders.

### \*Definitions of Non-GAAP measures:

#### Adjusted Net Asset Value (Adjusted NAV)

The adjusted NAV per share represents the total assets of Kingfish (investments and cash) minus any liabilities (expenses and tax), divided by the number of shares on issue. Adjusted NAV adds back dividends paid to shareholders and adjusts for the impact of any warrants that were exercised at a price that was different to the NAV at the time they were exercised.

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

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

#### Total Shareholder Return (TSR)

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

TSR assumes:

- all dividends paid are reinvested in the company's dividend reinvestment plan at the discounted dividend reinvestment price and excludes imputation credits;
- all shareholders that have received warrants (for free), have subsequently exercised their warrants and bought shares.

The directors believe this metric to be useful as it mirrors the return of an investor who reinvests their dividends, received warrants and subsequently exercised their warrants and bought shares. No metric has been included for investors who take their dividend in cash or choose to sell their warrants on market as the return on those cash dividends or warrant proceeds will differ per shareholder.



Alistair Ryan,  
Chairman.

Kingfish's dividend reinvestment plan continues to offer shareholders an opportunity to increase their shareholding at a 3% discount to market price. If you would like to enrol in the plan, please contact Kingfish's share registrar, Computershare.

### Revenues and Expenses

The key components of the full year result were gains on investments of \$21.3m, dividend and interest income of \$6.1m less operating expenses and tax of \$4.9m.

Operating expenses were \$1.6m higher than the corresponding period due to Fisher Funds achieving a performance fee for the year to 31 March 2016. Calculated in accordance with the management agreement, a performance fee is paid for outperformance, above the Bank Bill Index plus 7% (the performance fee hurdle) and above 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). Further details can be found in note 12 of the financial statements.

### Warrants

Following the successful warrant exercise in November 2015, with 24.2m warrants out of a possible 30.5m (79%) being converted to ordinary shares, the Board announced on 19 April 2016 a new tranche of warrants (one warrant for every four Kingfish shares held). The warrants give holders the right, but not the obligation, to purchase additional shares in Kingfish at an exercise price of \$1.32, less dividends declared between 9 May 2016 and 5 May 2017. Warrants are quoted on the NZX Main Board as KFLWD and may be bought or sold independently of Kingfish shares.

### Annual Shareholders' Meeting

The 2016 Annual Shareholders' Meeting will be held on Friday 29 July at 10:30am at the Ellerslie Event Centre. We encourage all shareholders to attend as it provides an opportunity to meet with both the Board and Manager as well as receive an update on performance. We invite those of you who are unable to attend to cast your 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 Board is pleased to see that over the year the Kingfish portfolio benefitted from the strong performance of Kingfish's portfolio stocks. Overall, the strength of the portfolio signifies the Manager's ability to hand pick quality companies that can continue to grow and yield healthy returns for shareholders over the medium to long term.

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** / Chairman  
**Kingfish Limited**

13 June 2016

**Figure 1: Five-Year Performance Summary**

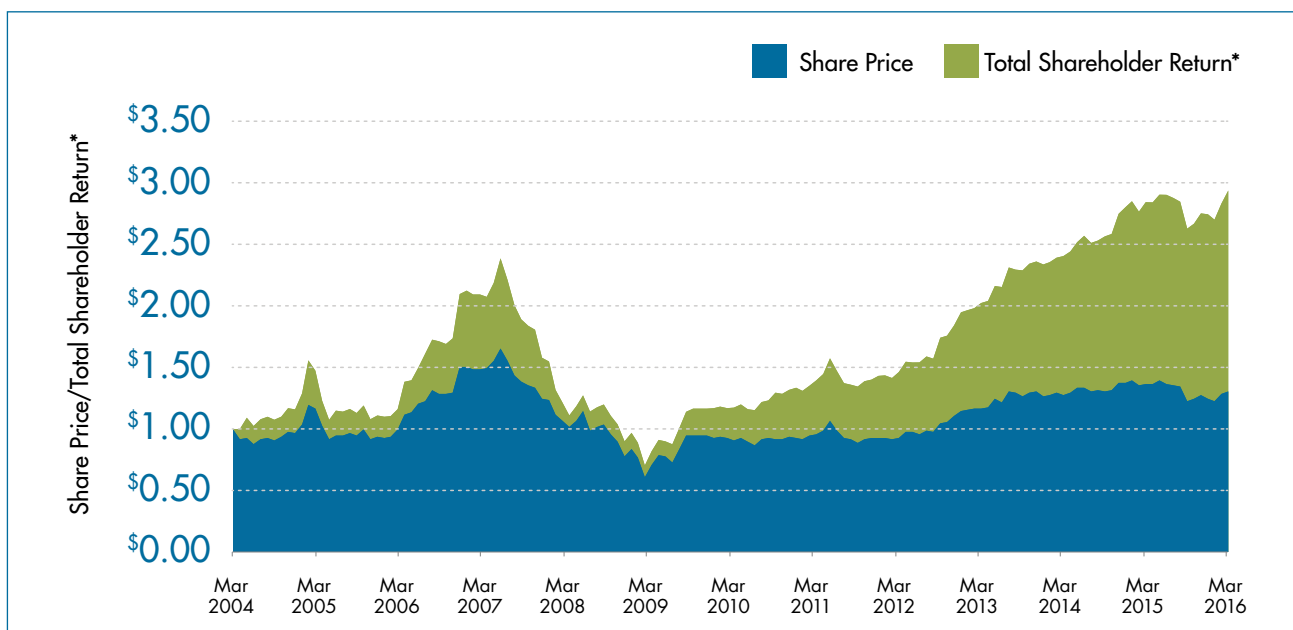
As at 31 March	2016	2015	2014	2013	2012
Audited NAV	\$1.37	\$1.34	\$1.36	\$1.24	\$1.11
Adjusted NAV** (for dividends and warrants)	\$3.12	\$2.76	\$2.59	\$2.19	\$1.77
Share Price	\$1.31	\$1.37	\$1.28	\$1.17	\$0.93
Share Price Discount/(Premium) to NAV <sup>#</sup>	4.3%	(2.2%)	5.9%	6.0%	16.0%
For the year ended 31 March	2016	2015	2014	2013	2012
Total Shareholder Return**	3.3%	18.2%	18.9%	38.4%	4.8%
Adjusted NAV Return**	12.9%	6.7%	18.1%	24.1%	6.6%
NZX50G <sup>#</sup>	15.7%	13.5%	16.2%	26.0%	2.0%
Performance Fee Hurdle <sup>#^</sup>	10.2%	10.6%	9.7%	9.7%	9.8%
Dividends Paid in Year	10.60cps	10.74cps	10.30cps	9.10cps	8.84cps
Audited Earnings per Share	16.71cps	9.85cps	22.75cps	25.15cps	7.97cps

\*For Adjusted NAV and Total Shareholder Return definitions, please see page 5.

#Reviewed by an independent actuary.

^NZ 90 Day Bank Bill Index +7%

NB: NAV and Adjusted NAV are net of fees and tax.

**Figure 2: Total Shareholder Return\***



# Manager's Report

Kingfish's NAV (adjusting for dividends and the dilution from the issue of warrants) rose by 12.9%, behind the S&P/NZX50G Index movement of 15.7%. The 2016 financial year was the seventh successive year of positive NAV returns (adjusted for dividends and warrants), and the current financial year has started strongly as well.

The 2016 financial year was definitely a 'game of two halves'. The S&P/NZX50G Index and the Kingfish adjusted NAV were basically flat for the half year to 30 September, with all of the year's returns coming in the second half period. Even when world equity markets got the jitters in January and February, the Kingfish portfolio held up well and finished the year strongly.

## Portfolio Activity

During the first half of the year, we sold our small remaining holding in **Opus International Consulting**. Opus is a company that has under-delivered in our opinion, given the favourable sector dynamics in which it operates. Having progressively reduced our holding in **Sky Network TV**, we also sold out of our residual holding when Sky indicated that profits would fall in the current year at its annual meeting in October. Increased costs of programming, along with increased expected customer churn following the Rugby World Cup were the major reasons given, although we see the competition from other subscriber-on-demand operators as the biggest long-term threat to the company. Our decision to sell was vindicated when Sky subsequently indicated that subscriber numbers were even lower than expected, which would further impact earnings going into the 2017 financial year.

During November and December, we re-invested the funds from the exercise of the Kingfish warrants back into existing companies in the portfolio, and in similar proportions to the existing weightings at that time. This was achieved relatively seamlessly, with cash levels in line with our guidance of being over 90% invested in equities by the end of December.

Late in the financial year, we added **Vista Group International** to the portfolio. Vista provides cinema management, film distribution and customer analytics to the global film industry and from small beginnings now has an estimated 40% world market share in this niche market.

Subsequent to year end, we participated in the **Tegel** IPO. Tegel ticked the 'STEEPP boxes' in that it has a dominant market position in an industry that is insulated from import competition due to strict bio-security laws. Growth is likely to come from exports of chicken, mainly to quick-service restaurants in Australia. Due to the strong market power of supermarkets in the domestic market, our holding in Tegel is likely to be one of our smaller positions going forward.

Also subsequent to year end, we added **Z Energy** to the portfolio. We previously had an indirect exposure to 'Z' through our relatively large holding in Infratil, which owned a 20% stake in the company until October of last year.

We took the view that it was likely that the Commerce Commission would allow Z Energy to acquire Chevron and took a small holding just prior to the Commission's decision and topped our position up immediately after permission was granted. We see the acquisition as providing earnings growth opportunities for the combined group for a number of years, although we acknowledge that longer term this is a sunset industry. For this reason it is likely to remain a smaller position in the portfolio.

## Portfolio Commentary

**Abano Healthcare** is currently in a sales process that could see it sell its Australian/Asian audiology joint venture and thereby pare the company back to being an almost pure dental company. Its Australasian dental operations are now gaining scale with ownership of over 185 dental practices. The company has many more years of growth ahead to achieve its ultimate goal of gaining a 10% share of the \$11 billion trans-Tasman dental market (currently 2%).

**Auckland International Airport** continues to benefit from strong inbound tourism and buoyant domestic traffic flows. More airlines are adding direct flights to New Zealand, with existing airline customers adding more capacity to meet the tourism demand. Chinese tourist numbers are growing particularly strongly. To be sustainable, New Zealand needs to add infrastructure to meet this demand and there are signs that this is occurring.

**Delegat Group** continues to invest to meet its five-year goal of achieving case sales of over 3 million cases by 2020 (7.5% per annum growth). This includes expanding its Marlborough winery, building a new winery in the Hawkes Bay and continuing its vineyard development in New Zealand and the Barossa Valley. The New Zealand 2016 harvest was up 33% on the low-yielding 2015 vintage with excellent quality and sets the company up nicely to achieve future sales growth targets.

**EBOS Group's** best in class working capital management and strong cash flows enabled the company to make further bolt-on acquisitions in both its healthcare and animal care divisions which has again added shareholder value. EBOS continues to record double-digit earnings growth with all areas of its business performing strongly.

**Fisher & Paykel Healthcare** has again been the outstanding performer in our portfolio this year. It continues to develop innovative new medical products that currently service only a small part of its addressable market, suggesting that it has many years of growth ahead of it. Both its Obstructive Sleep Apnea and



Respiratory & Acute Care divisions continue to perform strongly, although the latter is the area with the most growth opportunities in our opinion.

**Freightways** continues to perform well, although its Express Package division noted a slowdown in some regional areas earlier this calendar year. Its Information Management division is posting growth in earnings of over 20% as its utilisation rates continues to increase. The company has an impressive track-record of making bolt-on acquisitions that add shareholder value and we see this continuing.

**Infratil** remains relatively cashed-up following the sale of its remaining shares in Z Energy. Its focus for future investment is in retirement and renewable developments, funded by the strong cash flow from existing assets. History suggests that Infratil does not remain under-gearred for long, so we expect it to acquire further assets in its target markets in Australasia.

**Mainfreight's** logistics network continues to expand its reach, opening up new trade lanes and greater revenue opportunities. Although Mainfreight records revenue by geographic regions, increasingly it should be seen as a global network operator. The company recorded relatively flat earnings in its first half of the year, but we see earnings growth accelerating as it focuses on reducing costs that have crept into the business.

**Meridian Energy** remains our pick of the 'gentailers' with the best combination of growth prospects, excellent assets and strong management, in our opinion. It has the most to gain from the pending change in transmission pricing and arguably the least to lose if the Tiwai aluminium smelter is eventually closed.

**Metro Performance Glass** has performed satisfactorily since listing, but we see earnings growth accelerating from here given the continued rise in housing starts, the bedding-in of its new Auckland plant, increased retrofitting of residential double glazing units and increased levels of commercial glass business.

**Michael Hill International's** geographic divisions are all recording solid same store sales growth, including the important Australian market. Its fledgling Emma & Roe stores are showing early promise and offer another credible growth option for the future. Its pending listing on the ASX should ensure greater research coverage and a broadened shareholder base.

“The 2016 financial year was the seventh successive year of positive NAV returns (adjusted for dividends and warrants), and the current financial year has started strongly as well.”



Murray Brown,  
Senior Portfolio  
Manager.

**NZX** has had relatively flat earnings over recent years as its agricultural publishing assets have struggled, IPO activity has slowed and the legal costs of its Clear Grain dispute remain costly. The legal costs will end this financial year, and this combined with growth in its funds management business should see the resumption of earnings growth.

**Port of Tauranga** is continuing to take container market share away from Ports of Auckland and its Timaru port is starting to materially lift shipping tonnages. The only area that is not going so well at the moment is log exports. Log volumes are down for the second year in a row, although the long-term outlook remains promising. Dredging at Tauranga will allow bigger ships to call, accentuating its competitive advantages.

**Restaurant Brands'** KFC's New Zealand operations continue to record solid same store sales growth, driving increased group profitability. The company is well placed to be a key player in the consolidation of ownership of KFC stores in Australia through its recent purchase of 42 stores in New South Wales. Carl's Junior is taking longer to turn around than planned but good progress is likely in the current year.

**Ryman Healthcare** continues to do what it does so well: design, build and operate retirement villages with an emphasis on continuum of care. Although Ryman was relatively under-represented in the Auckland market, this is being rectified with a number of new villages being built there. Its expansion into the Melbourne market is also going well and gives the company another avenue for growth which the other retirement village operators currently do not have.

**Summerset** continues to lift its build rate of retirement village units/beds throughout New Zealand and at the same time has increased its development margin, signifying impressive execution. Future village developments are targeted for Auckland, where it has been under-represented in the past. Like Ryman, it is developing a 'wave of earnings' behind it as its existing villages mature and start to make increasing contributions to earnings.

**Trade Me** is now getting earnings traction from its deliberate strategy of investing back into the business after years of under-investment. Its General Items division is showing encouraging signs of growth after redeveloping large portions of its platform. After alienating some of its Property classified customers, strong revenue growth is returning to this important division.

**Vista Group** is one of the few software related companies that makes money consistently. It continues to grow its market share of the global cinema management industry whilst moving into adjacent segments of the market. Moviegoer analytics in particular is an emerging area where the company has expertise and is a relatively untapped market. The partial sale of its Chinese operations means that the company is well funded and in a position to start paying dividends.



Carmel Fisher,  
Managing  
Director

“We are happy with our current portfolio of hand-picked quality companies and believe that it will continue to perform well over the medium to long term.”

Unlisted **Waterman Holdings'** last remaining investment, David Reid Homes, is trading well due to the buoyancy of the new housing market. Strong levels of interest in new house builds in Auckland are now spreading to regional areas which will aid David Reid Homes given its national footprint.

### Outlook

Although New Zealand share market fundamentals continue to be well above long term averages, the outlook is for short term interest rates to fall further. The market's 'hunt for yield' continues unabated, with the dividend yields available in the New Zealand share market remaining attractive, notwithstanding the strong run in share prices.

The domestic economy continues to grow at around 2.5% and is forecast to hold around this level of growth going forward, despite the fall in the milk price. This growth rate makes New Zealand look an attractive place to invest relative to many other countries, and we have seen overseas ownership in our relatively small equity market increase over time. Whilst this may not last indefinitely, it is currently underpinning the share market.

IPO activity has slowed, but we are still looking to add further quality companies to the portfolio over time. Notwithstanding this, we are happy with our current portfolio of hand-picked quality companies and believe that it will continue to perform well over the medium to long term.



**Murray Brown** / Senior Portfolio Manager  
**Fisher Funds Management Limited**  
13 June 2016



**Carmel Fisher** / Managing Director  
**Fisher Funds Management Limited**  
13 June 2016

### Portfolio Holdings Summary as at 31 March 2016

Listed Companies	% Holding
Abano Healthcare	2.6%
Auckland International Airport	3.1%
Delegat Group	2.8%
EBOS Group	4.6%
Fisher & Paykel Healthcare	10.9%
Freightways	9.0%
Infratil	7.5%
Mainfreight	11.7%
Meridian Energy	3.8%
Metro Performance Glass	2.3%
Michael Hill International	2.5%
NZX	2.5%
Port of Tauranga	4.1%
Restaurant Brands	3.5%
Ryman Healthcare	10.5%
Summerset	5.6%
Trade Me	2.9%
Vista Group	2.5%
<b>Non-listed Company</b>	
Waterman Holdings	0.4%
<b>Equity Total</b>	<b>92.8%</b>
New Zealand dollar cash	7.2%
<b>TOTAL</b>	<b>100.0%</b>



## The STEEPP Process

Fisher Funds employs a process that it calls STEEPP to analyse existing and new 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 determine how significant their starting weighting within the portfolio will be (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? We prefer to buy established companies that have executed well in the past.

# E

### Earnings History

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





Meridian Energy.

# 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? We notice that too many analysts focus on short-term earnings. As long-term growth investors, we think about where the company's earnings could be in three to five years.

# P

## People/Management

Who is 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? Does the management team own shares in the business and how are they rewarded? Has the Board and management exhibited good corporate behaviour in the areas of environmental, social and governance considerations? For us, the quality of the company management and its corporate governance is of paramount importance.

# P

## Price/Valuation

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

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*Using this STEEPP analysis, we constructed and maintained a portfolio which comprised 19 securities at the end of March 2016.*

# 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 2016 and is based on the closing price for each company plus any dividends received. For companies that are new to the portfolio in the year, total shareholder return is from the first purchase date to 31 March 2016.



## What does it do?

Abano Healthcare is now predominantly an active investor in dental practices in Australasia. It owns more than 180 dental practices making it the second largest Australasian dental group. It also owns five radiology clinics centred around Auckland.

## Why do we own it?

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



**\$153m**

Market Capitalisation

Dividend Yield

**3%**

Total Shareholder Return

**-6%**



## What does it do?

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

## Why do we own it?

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



**\$7,656m**

Market Capitalisation

Dividend Yield

**2%**

Total Shareholder Return

**47%**



## What does it do?

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

## Why do we own it?

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



**\$585m**

Market Capitalisation

Dividend Yield

**2%**

Total Shareholder Return

**27%**



### What does it do?

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

### Why do we own it?

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



Market Capitalisation		\$2,603m	
Dividend Yield	Total Shareholder Return	3%	67%



### What does it do?

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

### Why do we own it?

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



Market Capitalisation		\$5,526m	
Dividend Yield	Total Shareholder Return	2%	52%



### What does it do?

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

### Why do we own it?

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



Market Capitalisation		\$983m	
Dividend Yield	Total Shareholder Return	4%	6%

**What does it do?**

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

**Why do we own it?**

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



Market Capitalisation **\$1,844<sub>m</sub>**

Dividend Yield

**6%**

Total Shareholder Return

**10%****What does it do?**

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

**Why do we own it?**

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



Market Capitalisation **\$1,579<sub>m</sub>**

Dividend Yield

**2%**

Total Shareholder Return

**5%****What does it do?**

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

**Why do we own it?**

Meridian is a well-run company, with a portfolio of long-dated quality renewable generation assets which provides 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.



Market Capitalisation **\$6,715<sub>m</sub>**

Dividend Yield

**7%**

Total Shareholder Return

**13%**





### What does it do?

Metro Performance Glass provides glass windows, glass doors, balustrades, stairs, decorative glass and many other glass applications throughout New Zealand. Metro Glass' moat is a combination of its dominant market share, high barriers to entry, national distribution, low processing costs and the structural impact from residents retrofitting their homes with double glazing.

### Why do we own it?

We like Metro Glass' dominant market position, low-cost structure, national distribution network and strong service proposition in a rising housing market. It has invested for the future with new plants in both Auckland and Christchurch. Retrofitting of double glazing in existing houses provides a structural element to its forward workload.



**\$311m**

Market Capitalisation

Dividend Yield

**4%**

Total Shareholder Return

**-4%**



### What does it do?

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

### Why do we own it?

Michael Hill's Australasian business has continued to perform solidly through its policy of controlled profitable growth no matter the economic backdrop. Its new Emma & Roe division looks to be a credible growth option going forward whilst its Professional Care Plans have dramatically increased cash flows, and will help to sustain earnings growth in the medium term.



**\$372m**

Market Capitalisation

Dividend Yield

**5%**

Total Shareholder Return

**-13%**



### What does it do?

NZX operates three distinct groups – Markets, encompassing New Zealand's capital markets activities including capital raising, trading and clearing, listings etc; Funds Services which includes Smartshares and SuperLife; and Agri which includes print and online publications, data and analytical reports, and the Clear Grain Exchange.

### Why do we own it?

We like NZX's diversified revenue streams and dominant market positions, particularly in capital markets. Its fund services are quickly gaining critical mass following the purchase of SuperLife. The company has an enhanced focus on controlling costs with earnings being leveraged to increased capital market activity.



**\$274m**

Market Capitalisation

Dividend Yield

**6%**

Total Shareholder Return

**-3%**



### 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.



Market Capitalisation <b>\$2,498m</b>	
Dividend Yield	Total Shareholder Return
<b>3%</b>	<b>12%</b>



### What does it do?

Restaurant Brands has exclusive franchise agreements for international fast-food brands in New Zealand including KFC, Pizza Hut, Starbucks and Carl's Jr. More recently, it has entered the Australian KFC market with the purchase of 42 stores in New South Wales. KFC is the predominant earner for the group, representing over 80% of operating earnings.

### Why do we own it?

Restaurant Brands has a long history of achieving attractive returns on invested capital and has successfully delivered increasing same store sales and margins in its KFC division (including in Australia), while changes in strategy have improved profitability of Pizza Hut and Starbucks. Carl's Jr provides an additional growth option, which is expected to contribute to earnings growth over the medium term.



Market Capitalisation <b>\$476m</b>	
Dividend Yield	Total Shareholder Return
<b>4%</b>	<b>26%</b>



### What does it do?

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

### Why do we own it?

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



Market Capitalisation <b>\$4,175m</b>	
Dividend Yield	Total Shareholder Return
<b>2%</b>	<b>8%</b>



### What does it do?

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

### Why do we own it?

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



**\$978<sub>m</sub>**

Market Capitalisation

Dividend Yield

**1%**

Total Shareholder Return

**35%**



### What does it do?

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

### Why do we own it?

The company is asset-light, with modest working capital and capital expenditure requirements. Consequently, there is a high conversion of profits into free cash flow. Although it has many competitors, its 'moat' is a combination of its market position, brand, infrastructure platform, diverse revenue streams and service culture. It has re-invested back into the business over the last three years, and is now starting to see some earnings momentum.



**\$1,752<sub>m</sub>**

Market Capitalisation

Dividend Yield

**4%**

Total Shareholder Return

**24%**



### What does it do?

Vista Group is an innovative and profitable IT company providing sophisticated software to cinema exhibitors. It has a 38% worldwide market share with clients in over 60 countries. Its integrated software systems allow cinema exhibitors to run wide-ranging functions such as ticketing, food and beverage sales and re-ordering, staff and film scheduling, loyalty schemes, digital signage as well as external customer interfaces like websites, mobile apps and call centres.

### Why do we own it?

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



**\$426<sub>m</sub>**

Market Capitalisation

Dividend Yield

**n/a**

Total Shareholder Return

**1%**

**waterman**HOLDINGS

**What does it do?**

Unlisted Waterman Holdings acquires and operates established unlisted medium-sized businesses in New Zealand. It seeks significant influence over key strategic and financial decisions of its businesses. Having divested all but one investment, the fund now consists solely of an investment in David Reid Homes.

**Why do we own it?**

Waterman operates in a niche market that is typically not represented through listed market vehicles. It is run by experienced operators who have significant ‘skin in the game’. David Reid Homes is benefitting from the buoyancy in the new housing market across the country.



Market Capitalisation

\$9m

Dividend Yield

6%

Total Shareholder Return

n/a



## Board of Directors

### Alistair Ryan MComm (Hons), CA

*Chairman of the Board  
Chair of Remuneration and Nominations Committee  
Independent Director*

Alistair Ryan is an experienced company director and corporate executive with extensive corporate and finance sector experience in the listed company sector in New Zealand and Australia. He is a director of Barramundi, Marlin Global, Christchurch Casinos, Metlifecare, Lewis Road Creamery and Evolve Education Group as well as a member of the New Zealand Racing Board. Alistair had a 16-year career with SKYCITY Entertainment Group Limited (from pre-opening and pre-listing in 1996 through 2011). Alistair was a member of the senior executive team, holding the positions of General Manager Corporate, Company Secretary and Chief Financial Officer, and has served as a director of various SKYCITY subsidiary and associated companies. Prior to SKYCITY, Alistair was a Corporate Services Partner with international accounting firm Ernst & Young, based in Auckland. He is a member of Chartered Accountants Australia and New Zealand and the New Zealand Institute of Company Secretaries. Alistair's principal place of residence is Auckland.

### Carmel Fisher BCA

*Director*

Carmel Fisher established Fisher Funds Management Limited in 1998 and is also a director of Barramundi and Marlin Global. Carmel's interest and involvement in the New Zealand share market spans nearly 30 years and she is widely recognised as one of New Zealand's pre-eminent investment professionals. Carmel's career started when she left Victoria University with an accounting degree to spend four years in the sharebroking industry. She then managed funds for Prudential Portfolio Managers and Sovereign Asset Management before launching Fisher Funds. Carmel's principal place of residence is Auckland and she can be contacted at Kingfish's registered office.

### 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 is a director of The Business Advisory Group, a chartered accountancy practice, where she advises privately-owned businesses. Prior to that, Carol was a partner at Ernst & Young for over 25 years. 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 Turners & Growers, Kiwibank and New Zealand Post where she is also Chair of the Audit and Risk Committee. Carol is Chair of Ronald McDonald House Charities New Zealand and is also a director of Barramundi and Marlin Global. Carol's principal place of residence is Auckland.

### 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, Coupe Consulting, Solid Energy and Gentrack Group. He is also Chairman of Farmright and Deputy Chairman of the New Zealand Takeovers Panel. Andy's principal place of residence is Hamilton.



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

# Corporate Governance Statement

The Board of Directors ("the Board") of Kingfish Limited ("Kingfish" or "the company") is committed to strong corporate governance practices and has adopted a comprehensive corporate governance code. The Board believes that the corporate governance structures and practices must encourage the creation of value for Kingfish shareholders whilst ensuring the highest standards of ethical conduct and providing accountability and control systems commensurate with the risks involved.

This code meets the required corporate governance principles under the NZX Corporate Governance ("NZXCG") Best Practice Code and the Corporate Governance Principles and Guidelines issued by the Securities Commission (now the Financial Markets Authority).

## Compliance

Kingfish seeks to follow the best practice recommendations for listed companies to the extent that it is appropriate to the nature of its operations. The company considers that its governance practices complied with NZXCG Best Practice Code and the Securities Commission Corporate Governance Principles and Guidelines in its entirety during the year ended 31 March 2016. The following reports against these principles and guidelines.

The company's constitution, the Board and committee charters, codes and policies referred to in this section are available to view at [www.kingfish.co.nz](http://www.kingfish.co.nz)

## Principle 1 – Ethical Standards

*Directors observe and foster high ethical standards.*

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

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

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

The **Insider Trading Policy** details the procedure whereby persons nominated by Kingfish (its directors and persons associated with the Manager) may trade in Kingfish shares and take up shares purchased under the Kingfish dividend reinvestment plan. Nominated persons may not trade in Kingfish shares when they have price sensitive information that is not publicly available. In addition, except where the nominated person has the permission of the Board, the nominated person may trade in the company 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.

No breaches of ethics principles were identified during the year.

Copies of the complete Code of Ethics, Conflicts of Interest Policy and the Insider Trading Policy are available to view at [www.kingfish.co.nz](http://www.kingfish.co.nz)

## Principle 2 – Board Composition and Performance

*There is a balance of independence, skills, knowledge, experience and perspective among directors that allows the Board to work effectively.*

### Board Size and Composition

NZX Listing Rules require a minimum of three directors with at least two of the directors being ordinarily resident in New Zealand. The composition of the Board must include a minimum number of two independent directors. The Board currently comprises three independent directors including the Chairman and one director who is not deemed to be independent.

The Board elects a Chairman whose primary responsibility is the efficient functioning of the Board.

Profiles of the individual directors can be found on page 21.

### Director Independence

Kingfish retains a separate Board of Directors from the Manager. The Board ensures that shareholders' interests are held paramount.

As at 31 March 2016, the Board considered Alistair Ryan (Chairman), Carol Campbell and Andy Coupe to be independent directors in terms of the NZX definition. Carmel Fisher was not considered independent due to also being a director of Fisher Funds.

On appointment, each director is required to provide information to the Board to assess and confirm their independence as part of their consent to act as a director. Directors have undertaken to inform the Board as soon as practicable if they think their status as an independent director has or may have changed.

### Board Role and Responsibility

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.

Kingfish offers shareholders a highly experienced Board with financial markets experience and strengths in funds management and corporate governance.

The Board's responsibilities include:

- Manager's performance – regularly review both the performance and compliance with contractual arrangements of the Manager;
- determining appropriate capital management strategies to enhance long-term shareholder returns including setting the Distribution Policy, Share Buyback Policy and any capital raising programmes (such as warrants);
- Board performance and composition – evaluating the performance of independent directors, determining the size and composition of the Board as well as making recommendations for the appointment and removal of directors;
- succession planning – planning Board succession;
- financial performance – approving the annual budget and monitoring financial performance;
- financial reporting – considering and approving the annual and half-year financial reports, ensuring they are consistent with all legal and regulatory requirements;
- approving and regularly reviewing the company's key policies and procedures;
- audit – selecting and recommending to shareholders the appointment of the external auditor. Maintaining a direct and ongoing dialogue with the external auditor;
- risk management – identifying the principal risks faced by the company and ensuring that appropriate control and monitoring systems are in place to manage the impact of these risks;
- overseeing communication and reporting to shareholders;
- relationship with regulators, NZX and adherence to its obligations regarding continuous disclosure – maintaining ongoing dialogue with NZX;
- custodian – appointing a custodian to safeguard the company's assets. Trustees Executors Limited is the custodian of Kingfish's assets; and
- other service providers – appointing other service providers and evaluating their performance.

The Board met eight times during the year and received papers, including regular reports from the Corporate Manager and the Manager to read and consider before each meeting. At all times, the Board is provided with accurate timely information on all aspects of Kingfish's operations. The Board is kept informed of key risks to Kingfish on a continuing

basis. In addition, the Board meets whenever necessary to deal with specific matters needing attention between the scheduled meetings and the independent directors meet as required.

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

The Manager's responsibilities as stated in the Management Agreement include:

- the provision of management services to the company such as investment and portfolio management services and administrative services;
- dealing with the custodian; and
- attendance at Kingfish Board meetings.

The Manager is to, at all times, invest the portfolio on a prudent and commercial basis consistent with the company's investment criteria and performance objectives.

While the Board's key role is to monitor the performance of the Manager, it is not involved in the selection or management of investments within the Kingfish portfolio.

#### Retirement and Re-election of Directors

In accordance with the company's constitution, one third, or the number nearest to one third, of the directors (excluding any director appointed since the previous Annual Shareholders' Meeting ["ASM"]) retire by rotation at the ASM.

Appropriate notice of director nominations has been provided in accordance with the requirements of NZX, the Kingfish constitution and the Companies Act 1993.

#### Diversity Policy

The Board views diversity as including but not being limited to, skills, qualifications, experience, gender, race, age, ethnicity and cultural background.

In 2013, the Board established a Diversity Policy under the oversight of the Remuneration and Nominations Committee which is available on the company's website. The Kingfish Diversity Policy is limited to the Board and the Corporate Manager.

The Board recognises that having a diverse Board will assist it in effectively carrying out its role as described in Principle 2.

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 gender composition was as follows:

	as at 31 March 2016	as at 31 March 2015
Directors	two females, two males	two females, two males
Corporate Manager	male	male

The Board believes that the company has achieved the objectives set out in its Diversity Policy for the year ended 31 March 2016.

#### Board Performance Review

The Board conducts a formal review of its performance annually.

The Remuneration and Nominations Committee assesses the performance of individual directors whilst directors also assess the collective performance of the Board and the performance of the Chairman.

#### Principle 3 – Board Committees

*The Board uses committees where this enhances effectiveness in key areas while retaining Board responsibility.*

#### Audit and Risk Committee

The Kingfish Audit and Risk Committee focuses on audit and risk management and specifically addresses responsibilities relative to financial reporting and regulatory conformance. The Committee operates within the terms of reference established by the Kingfish Board, which the Committee reviews annually.

The Audit and Risk Committee is accountable for ensuring the performance and independence of the external auditor – PricewaterhouseCoopers ("PwC"). A statement regarding PwC's independence is included in their Auditor's and Accountants' Reports.

The Audit and Risk Committee also recommends to the Board which services, other than the statutory audit, may be provided by PwC as auditor.

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

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

As at 31 March 2016, the Audit and Risk Committee comprised independent directors Carol Campbell (Chair), Alistair Ryan and Andy Coupe, all of whom have appropriate financial experience and an understanding of the industry in which Kingfish operates. Meetings are held not less than twice a year having regard to Kingfish's reporting and audit cycle.

Audit and Risk Committee Members	Meetings Attended	Meetings Scheduled
Carol Campbell (Chair)	2	2
Alistair Ryan	2	2
Andy Coupe	2	2
Meetings Held	2	2

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

A copy of the Audit and Risk Committee Charter is available to view at [www.kingfish.co.nz](http://www.kingfish.co.nz)

#### Investment Committee

The Investment Committee comprises all Board members and meets at least twice per year. The Committee has a formal charter which can be found on the company's website.

The objective of the Committee 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 the company.

Investment Committee Members	Meetings Attended	Meetings Scheduled
Andy Coupe (Chair)	2	2
Alistair Ryan	2	2
Carmel Fisher	2	2
Carol Campbell	2	2
Meetings Held	2	2

#### Remuneration and Nominations Committee

The Remuneration and Nominations Committee comprises all Board members and meets at least once per year.

The Board's Remuneration and Nominations Committee has a formal charter which can be found on the company's website. Each Committee member, other than Carmel Fisher, is independent.



Independent directors receive fees determined by the Board on the recommendation of the Committee. Each year the Committee reviews the level of directors' remuneration. The 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.

Remuneration & Nominations Committee Members	Meetings Attended	Meetings Scheduled
Alistair Ryan (Chair)	1	1
Carmel Fisher	1	1
Carol Campbell	1	1
Andy Coupe	1	1
Meetings Held	1	1

#### Principle 4 – Reporting and Disclosure

*The Board demands integrity both in financial reporting and in the timeliness and balance of disclosures on entity affairs.*

##### Timely and Balanced Disclosure

The company is committed to promoting investor confidence by providing complete and equal access to information in accordance with the NZX Listing Rules. The company has a Continuous Disclosure Policy designed to ensure this occurs. This policy can be found on the company's website.

The company's market disclosure officer is responsible for ensuring compliance with its disclosure obligations. The Board is accountable for making the final decision as to whether or not information requires disclosure.

The company's market disclosure officer is responsible for releasing any relevant information to the market once it has been approved. Financial information released is approved by the Board on the recommendation of the Audit and Risk Committee, while information released on other matters is approved by the Board.

Directors formally consider at each Board meeting whether there is relevant material information which should be disclosed to the market.

##### Financial Reporting

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

It 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.

The Corporate Manager is responsible for ensuring compliance with the NZX continuous disclosure requirements and overseeing and co-ordinating disclosure to the exchange.

#### Management Agreement Renewal

When the Board is considering the renewal of the management agreement (every five years), it is the intention of the Board that a market announcement will be made before the date that the Board would need to instigate a non-renewal process. The announcement would state either that the management agreement is being renewed or that the non-renewal process is being instigated.

#### Principle 5 – Remuneration

*The remuneration of directors and executives is transparent, fair and reasonable.*

##### Independent Directors' Remuneration

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

Details of remuneration paid to directors are disclosed in note 1 to the financial statements and are further disclosed in the Statutory Information section of this report.

##### Share Purchase Plan

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

A copy of the Director Remuneration Policy is available to view at [www.kingfish.co.nz](http://www.kingfish.co.nz)

#### Principle 6 – Risk Management and Internal Control

*The Board regularly verifies that the entity has appropriate processes that identify and manage potential and relevant risks.*

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

A copy of the complete Risk Management Policy is available to view at [www.kingfish.co.nz](http://www.kingfish.co.nz)

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

#### Principle 7 – Auditors

*The Board ensures the quality and independence of the external audit process.*

##### Approach to Audit Governance

The independence of the external auditor is of particular importance to shareholders and the Board. The Audit and Risk Committee is responsible for overseeing the external audit of the company. Accordingly, it monitors developments in the areas of audit, and threats to audit independence, to ensure its policies and practices are consistent with emerging best practice in these areas.

As part of its responsibilities, the Audit and Risk Committee reviews the independence of external auditors and the appropriateness of any non-audit services they undertake for the company.

##### Engagement of the External Auditor

Kingfish's external auditor is PwC, who were 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.

##### Attendance at the Annual Meeting

PwC, as external auditor of the 2016 financial statements, is invited to attend this year's annual meeting and will be available to answer questions about the conduct of the audit, preparation and content of the auditor's report, accounting policies adopted by Kingfish and the independence of the auditor in relation to the conduct of the audit.

#### Principle 8 – Shareholder Relations

*The Board fosters constructive relationships with shareholders that encourage them to engage with the company.*

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 the company's performance. It has a system in place for canvassing shareholder views and for communicating the Board's views to shareholders.

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

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

The release of the annual report is followed by the annual meeting which the Board recognises as an important forum at which shareholders can meet and hear from the Board and the Manager. The notice of meeting is circulated at least 10 days prior to the meeting and is also posted on the company's website. Shareholders are provided with notes on any resolutions proposed through the notice of meeting each year. This year's meeting will be held on 29 July 2016, 10:30am at the Ellerslie Event Centre in Auckland. Full participation of shareholders is encouraged at the annual meeting to ensure a high level of accountability and identification with the company's strategies and goals. Shareholders are encouraged to submit questions in writing prior to the meeting.

#### Principle 9 – Stakeholder Interests

*The Board respects the interests of stakeholders within the context of the company's ownership type and its fundamental purpose.*

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

# Directors' Statement of Responsibility

## For the year ended 31 March 2016

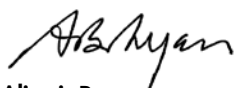
We present the financial statements for Kingfish Limited for the year ended 31 March 2016.

We have ensured that the financial statements for Kingfish Limited give a true and fair view of the financial position of the company as at 31 March 2016 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 Reporting 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.

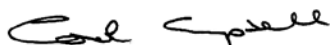
The Kingfish Board authorised these financial statements for issue on 23 May 2016.



Alistair Ryan



Carmel Fisher



Carol Campbell



Andy Coupe

# Financial Statements Contents

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## ***Independent Auditor's Report*** to the shareholders of Kingfish Limited

### ***Report on the Financial Statements***

We have audited the financial statements of Kingfish Limited (the "Company") on pages 30 to 46, which comprise the statement of financial position as at 31 March 2016, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and the notes to the financial statements that include a summary of significant accounting policies and other explanatory information.

### ***Directors' Responsibility for the Financial Statements***

The Directors are responsible on behalf of the Company for the preparation and fair presentation of these financial statements in accordance with New Zealand Equivalents to International Financial Reporting Standards and for such internal controls as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand). These standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal controls relevant to the Company's preparation and fair presentation of financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the overall presentation of the financial statements.

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

We are independent of the Company. Our firm carries out other audit related services for the Company including assurance and non-assurance services. The provision of these other services has not impaired our independence.

### ***Opinion***

In our opinion, the financial statements on pages 30 to 46 present fairly, in all material respects, the financial position of the Company as at 31 March 2016, and its financial performance and cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards.

### ***Restriction on Use of our Report***

This report is made solely to the Company's shareholders, as a body, in accordance with the Companies Act 1993. 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.



Chartered Accountants  
23 May 2016

Auckland

## KINGFISH LIMITED

**Statement of Comprehensive Income****For the year ended 31 March 2016**

	Notes	2016 \$000	2015 \$000
Interest income		391	435
Dividend income		5,705	5,497
Net changes in fair value of investments	1 (i)	21,337	9,300
<b>Total net income</b>		<b>27,433</b>	<b>15,232</b>
Operating expenses	1 (ii)	(4,867)	(3,277)
<b>Operating profit before tax</b>		<b>22,566</b>	<b>11,955</b>
Total tax expense	3 (i)	(22)	(23)
<b>Net operating profit after tax attributable to shareholders</b>		<b>22,544</b>	<b>11,932</b>
<b>Other comprehensive income</b>			
<i>Items that may be reclassified to profit or loss:</i>			
Change in fair value of available-for-sale financial assets		20	(50)
Reclassification from available-for-sale reserve		0	(140)
<b>Total comprehensive income after tax attributable to shareholders</b>		<b>22,564</b>	<b>11,742</b>

**Earnings per share****Basic earnings per share**

Profit attributable to owners of the company (\$'000)	22,544	11,932
Weighted average number of ordinary shares on issue net of treasury stock ('000)	134,921	121,197
<b>Basic earnings per share</b>	<b>16.71c</b>	<b>9.85c</b>

**Diluted earnings per share**

Profit attributable to owners of the company (\$'000)	22,544	11,932
Weighted average number of ordinary shares on issue net of treasury stock ('000)	134,921	121,197
Weighted average number of warrants on issue ('000)	18,303	11,596
Ordinary shares to be issued under performance fee arrangement ('000)	443	0
	<b>153,667</b>	<b>132,793</b>
<b>Diluted earnings per share</b>	<b>14.67c</b>	<b>8.99c</b>

The Statement of Accounting Policies set out on pages 34 to 37 and the Notes to the Financial Statements set out on pages 38 to 46 should be read in conjunction with this Statement of Comprehensive Income.

# Statement of Changes in Equity

For the year ended 31 March 2016		Attributable to shareholders of the company				
	Notes	Share Capital \$000	Available-for-sale Reserve \$000	Performance Fee Reserve \$000	Retained Earnings \$000	Total Equity \$000
Balance at 31 March 2014		117,616	459	879	42,842	161,796
<b>Comprehensive income</b>						
Profit for the year		0	0	0	11,932	11,932
Other comprehensive income		0	(190)	0	0	(190)
Total comprehensive income for the year ended 31 March 2015		0	(190)	0	11,932	11,742
<b>Transactions with owners</b>						
Prior year Manager's performance fee settled with ordinary shares	2	879	0	(879)	0	0
Dividends paid		0	0	0	(13,018)	(13,018)
Dividends reinvested	2	5,326	0	0	0	5,326
Total transactions with owners for the period ended 31 March 2015		6,205	0	(879)	(13,018)	(7,692)
Balance at 31 March 2015		123,821	269	0	41,756	165,846
<b>Comprehensive income</b>						
Profit for the year		0	0	0	22,544	22,544
Other comprehensive income		0	20	0	0	20
Total comprehensive income for the year ended 31 March 2016		0	20	0	22,544	22,564
<b>Transactions with owners</b>						
Warrants exercised	2	28,330	0	0	0	28,330
Manager's performance fee to be settled with ordinary shares	9	0	0	607	0	607
Dividends paid		0	0	0	(14,535)	(14,535)
Dividends reinvested	2	5,540	0	0	0	5,540
Total transactions with owners for the period ended 31 March 2016		33,870	0	607	(14,535)	19,942
Balance at 31 March 2016		157,691	289	607	49,765	208,352

The Statement of Accounting Policies set out on pages 34 to 37 and the Notes to the Financial Statements set out on pages 38 to 46 should be read in conjunction with this Statement of Changes in Equity.

## KINGFISH LIMITED

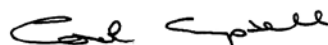
**Statement of Financial Position****As at 31 March 2016**

	Notes	2016 \$000	2015 \$000
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents		13,734	10,791
Trade and other receivables	4	1,554	1,597
Investments at fair value through profit or loss	6	193,524	153,932
Current tax receivable	3(ii)	1	7
<b>Total Current Assets</b>		<b>208,813</b>	<b>166,327</b>
<b>Non-current Assets</b>			
Available-for-sale financial assets	7(i)	735	715
<b>Total Non-current Assets</b>		<b>735</b>	<b>715</b>
<b>TOTAL ASSETS</b>		<b>209,548</b>	<b>167,042</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables	5	1,196	1,196
<b>Total Current Liabilities</b>		<b>1,196</b>	<b>1,196</b>
<b>TOTAL LIABILITIES</b>		<b>1,196</b>	<b>1,196</b>
<b>EQUITY</b>			
Share capital	2	157,691	123,821
Available-for-sale reserve	7(iii)	289	269
Performance fee reserve	9	607	0
Retained earnings		49,765	41,756
<b>TOTAL EQUITY</b>		<b>208,352</b>	<b>165,846</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>209,548</b>	<b>167,042</b>

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



**A B Ryan** / Chairman  
23 May 2016



**C A Campbell** / Chair of the Audit and Risk Committee  
23 May 2016

*The Statement of Accounting Policies set out on pages 34 to 37 and the Notes to the Financial Statements set out on pages 38 to 46 should be read in conjunction with this Statement of Financial Position.*



# Statement of Cash Flows

For the year ended 31 March 2016

	Notes	2016 \$000	2015 \$000
<b>Operating Activities</b>			
<i>Cash was provided from:</i>			
- Sale of investments		27,250	25,537
- Interest received		391	435
- Dividends received		5,414	5,369
<i>Cash was applied to:</i>			
- Purchase of investments		(45,991)	(19,665)
- Operating expenses		(3,440)	(5,418)
- Taxes paid		(16)	(27)
<b>Net cash (outflows)/inflows from operating activities</b>	<b>8</b>	<b>(16,392)</b>	<b>6,231</b>
<b>Financing Activities</b>			
<i>Cash was provided from:</i>			
- Proceeds from warrants exercised		28,330	0
- Manager's application of the performance fee to purchase ordinary shares		0	949
<i>Cash was applied to:</i>			
- Dividends paid (net of dividends reinvested)		(8,995)	(7,692)
<b>Net cash inflows/(outflows) from financing activities</b>		<b>19,335</b>	<b>(6,743)</b>
<b>Net increase/(decrease) in cash and cash equivalents held</b>		<b>2,943</b>	<b>(512)</b>
Cash and cash equivalents at beginning of the year		10,791	11,303
<b>Cash and cash equivalents at end of the year</b>		<b>13,734</b>	<b>10,791</b>

All cash balances comprise short-term cash deposits.

The Statement of Accounting Policies set out on pages 34 to 37 and the Notes to the Financial Statements set out on pages 38 to 46 should be read in conjunction with this Statement of Cash Flows.

## KINGFISH LIMITED

# Statement of Accounting Policies

**For the year ended 31 March 2016****GENERAL INFORMATION****Entity Reporting**

The financial statements for Kingfish Limited ("Kingfish" or "the company") have been prepared in accordance with the requirements of the Financial Reporting Act 2013 and the Companies Act 1993.

**Legal Form and Domicile**

Kingfish is incorporated and domiciled in New Zealand.

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

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

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

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

**Authorisation of Financial Statements**

The Kingfish Board of Directors authorised these financial statements for issue on 23 May 2016.

No party may change these financial statements after their issue.

**ACCOUNTING POLICIES****Period Covered by Financial Statements**

These financial statements cover the audited results from operations for the year ended 31 March 2016.

**Statement of Compliance**

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

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

*NZ IFRS 9: Financial Instruments* is applicable to annual reporting periods beginning on or after 1 January 2018. The company plans to adopt this standard for the financial year ending 31 March 2019. *NZ IFRS 9*

was issued in September 2014 as a complete version of the standard and will replace parts of the existing standard *NZ IAS 39: Financial Instruments Recognition and Measurement* that relate to the classification and measurement of financial instruments, hedge accounting and impairment. *NZ IFRS 9* requires financial assets to be classified into three measurement categories: fair value through profit or loss, fair value through other comprehensive income or amortised cost. The impact on the company's reported result or financial position has not yet been assessed although available-for-sale financial assets will likely be reclassified to financial assets at fair value through profit or loss.

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

**Summary of Significant Accounting Policies**

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

**Measurement Base**

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

**Critical Judgements, Estimates and Assumptions**

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

**Cash and Cash Equivalents**

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

**Statement of Cash Flows**

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

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

### Functional and Presentation Currency

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

### Interest Income and Dividend Income

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

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

### Manager's Performance Fee

The performance fee is recognised in the Statement of Comprehensive Income on an accrual basis based on the performance of the company to balance date. Refer to note 9 and note 12 to the financial statements.

### Share-Based Payments

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

### Income Tax

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

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

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that

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

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

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

### Goods and Services Tax ("GST")

The company is not registered for GST as its activities relate to financial services. The financial statements include GST where it is charged by other parties as it cannot be reclaimed.

### Investments at Fair Value Through Profit or Loss

#### Classification

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

#### Recognition and Measurement

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

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

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

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

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

All investments are derecognised upon disposal. Any gain or loss arising on derecognition of the investment is included in the Statement of Comprehensive Income.

## KINGFISH LIMITED

## Statement of Accounting Policies continued

## For the year ended 31 March 2016

Gains or losses are calculated as the difference between the disposal proceeds and the carrying amount of the item.

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

**Available-for-sale Financial Assets****Classification**

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

**Recognition and Measurement**

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

All purchases and sales of investments are recognised at trade date, which is the date on which the company commits to purchase or sell the asset. Investments are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the company has transferred substantially all the risks and rewards of ownership.

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

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

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

If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is recognised in the

Statement of Comprehensive Income. Impairment losses recognised in the Statement of Comprehensive Income on equity instruments are not reversed through the Statement of Comprehensive Income.

**Fair Value**

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

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

The output of valuation techniques is always an estimate or approximation of a value that cannot be determined with certainty, and the valuation may not fully reflect all factors relevant to the positions the company holds. Valuations are therefore adjusted, where appropriate, to allow for additional factors including liquidity risk and counterparty risk. This is applied in determining the fair value of the Level 3 investment disclosed in note 7.

The fair value hierarchy has the following levels:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

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

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



### Loans and Receivables

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

### Trade and Other Receivables

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

### Trade Payables

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

### Financial Instruments

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

### Dividends Payable

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

### Segmental Reporting

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

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

### Earnings per Share

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

by dividing the profit attributable to equity holders of the company by the weighted average number of ordinary shares on issue during the year as if the warrants had all converted to ordinary shares at their inception.

### Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds. Share capital bought back by the company reduces share capital and may be held as treasury stock at the value of the consideration paid. Treasury stock may later be re-issued which increases share capital by the fair value of the shares on issue date.

# Notes to the Financial Statements

For the year ended 31 March 2016

## Note 1 - Statement of Comprehensive Income

	2016 \$000	2015 \$000
<b>(i) Net changes in fair value of investments</b>		
<i>Investments designated at fair value through profit or loss</i>		
New Zealand equity investments	21,337	9,160
<i>Available-for-sale financial assets</i>		
Reclassification from reserve on sale of investment	0	140
<b>Total investment gains</b>	<b>21,337</b>	<b>9,300</b>
<b>(ii) Operating Expenses</b>		
Management fees (note 9)	2,576	2,351
Performance fees (note 9 and note 12)	1,397	0
Administration services (note 9)	159	66
Corporate management services (note 9)	0	124
Investor relations and communications (note 9)	123	153
Directors' fees (note 9)	121	121
Custody and brokerage	360	254
NZX fees	41	106
Professional fees	20	40
Fees paid to the auditor:		
- Statutory audit and review of financial statements	38	38
- Other assurance services	2	2
- Non assurance services	2	2
Other operating expenses	28	20
<b>Total operating expenses</b>	<b>4,867</b>	<b>3,277</b>

Other assurance services relate to a share register audit and non-assurance services relate to annual shareholders' meeting procedures. No other fees were paid to the auditor during the year (2015: nil).

## Note 2 - Share Capital

### Ordinary shares

As at 31 March 2016 there were 152,171,194 (31 March 2015: 123,707,181) fully paid Kingfish shares on issue, including treasury stock of nil shares (31 March 2015: nil). All ordinary shares are classified as equity, rank equally and have no par value. All shares (with the exception of treasury stock) carry an entitlement to dividends and one vote attached to each fully paid ordinary share.

	2016 \$000	2015 \$000
Opening balance	123,821	117,616
New shares issued for warrants exercised	28,330	0
Manager's performance fee settled with ordinary shares	0	879
New shares issued under the dividend reinvestment plan	5,540	5,326
<b>Closing balance</b>	<b>157,691</b>	<b>123,821</b>

### Warrants

On 13 November 2014, 30,448,940 new Kingfish warrants were allotted and listed on the NZX Main Board. One new warrant was issued to all eligible shareholders for every four shares held on record date (12 November 2014). On 6 November 2015, 24,062,986 warrants were exercised at \$1.18 per warrant and the remaining 6,385,954 warrants lapsed.

On 19 April 2016 a new warrant issue was announced, refer to note 16 for details.

### Treasury stock

On 31 October 2014, Kingfish announced the continuation of its share buyback programme of its ordinary shares in accordance with Section 65 of the Companies Act 1993. All the shares acquired under the buyback scheme are initially held as treasury stock but are available to be re-issued. The net cost of treasury stock is deducted from share capital.

At 31 March 2016, nil ordinary shares were held as treasury stock (31 March 2015: nil).

## Note 3 - Taxation

	2016 \$000	2015 \$000
(i) Total tax expense		
Operating profit before tax	22,566	11,955
Non-taxable realised gain on investments	(11,187)	(7,524)
Non-taxable unrealised gain on investments	(10,150)	(1,761)
Imputation credits	1,688	1,736
Other	263	234
<b>Taxable income</b>	<b>3,180</b>	<b>4,640</b>
Tax at 28%	891	1,299
Imputation credits	(1,688)	(1,736)
Deferred tax not recognised	820	460
<b>Total tax expense</b>	<b>23</b>	<b>23</b>
<i>Taxation expense comprises:</i>		
- Current tax	22	23
	<b>22</b>	<b>23</b>

## KINGFISH LIMITED

## Notes to the Financial Statements continued

## For the year ended 31 March 2016

## Note 3 - Taxation continued

	2016 \$000	2015 \$000
(ii) Current tax balance		
Opening balance	7	3
Current tax movements	(22)	(23)
Tax paid	16	27
Current tax receivable	1	7

## (iii) Deferred tax balance

A deferred tax asset of \$4,382,191 at 31 March 2016 (31 March 2015: \$3,561,914) has not been recognised as the tax structure of the company is unlikely to lead to the utilisation of a deferred tax asset. In accordance with NZ IAS 12, this unrecognised deferred tax asset will be reviewed annually.

## (iv) Imputation credits

Imputation credits available for subsequent reporting periods total \$401,670 (2015: \$372,723). 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 2016.

## Note 4 - Trade and Other Receivables

	2016 \$000	2015 \$000
Dividends receivable	976	685
Unsettled investment sales	545	890
Other receivables	33	22
Total trade and other receivables	1,554	1,597

Trade receivables are classified as loans and receivables under NZ IAS 39. Total loans and receivables are \$15,286,292 (31 March 2015: \$12,388,049) being cash and cash equivalents plus trade and other receivables.

## Note 5 - Trade and Other Payables

	2016 \$000	2015 \$000
Related party payable (note 9)	1,054	216
Unsettled investment purchases	92	924
Other payables and accruals	50	56
Total trade and other payables	1,196	1,196

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



**Note 6 - Investments at Fair Value through Profit or Loss**

	2016 \$000	2015 \$000
New Zealand listed equity investments	193,524	153,932
<b>Total investments at fair value through profit or loss</b>	<b>193,524</b>	<b>153,932</b>

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

All investments at fair value through profit or loss are valued using quoted last sale prices from an active market except one stock where the last sale price was outside the bid-ask spread and therefore the bid price was used (31 March 2015: all investments valued at last prices).

All investments are classified as Level 1 in the fair value hierarchy (31 March 2015: all investments).

**Note 7 - Available-for-sale Financial Assets**

	2016 \$000	2015 \$000
(i) New Zealand unlisted equity investment		
- Waterman Holdings Limited	735	715
<b>Total available-for-sale investments</b>	<b>735</b>	<b>715</b>

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

The directors have resolved to base the valuation of the Waterman investment on the latest available information, being Waterman's unaudited interim financial statements for the period ended 30 September 2015 adjusted for the dividend payment received since 30 September 2015 and prior to balance date.

As at the date of signing these financial statements for the year ended 31 March 2016 the audited financial statements for Waterman (for the year ended 31 March 2016) are not yet available. The directors are not aware of any information that would suggest the valuation basis does not reflect the best approximation of fair value but note that the valuation will need to be reviewed when the Waterman audited financial statements for the year ended 31 March 2016 become available.

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

## KINGFISH LIMITED

## Notes to the Financial Statements continued

For the year ended 31 March 2016

## Note 7 - Available-for-sale Financial Assets (continued)

	Unlisted Equities 2016 \$000	Unlisted Equities 2015 \$000
(ii) Available-for-sale reconciliation		
Opening balance	715	1,087
Sale of investment	0	(322)
Change in fair value of available-for-sale financial assets	20	(50)
Closing balance	735	715
(iii) Available-for-sale reserve		
Balance at beginning of year	269	459
Transfer to Statement of Comprehensive Income on sale of investment	0	(140)
Change in fair value of available-for-sale financial assets	20	(50)
Closing balance	289	269

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

	2016 \$000	2015 \$000
Net operating profit after tax	22,544	11,932
Items not involving cash flows:		
Unrealised gains on revaluation of investments	(10,151)	(1,761)
	(10,151)	(1,761)
Impact of changes in working capital items		
Decrease in fees and other payables	0	(285)
Decrease/(increase) in interest, dividends and other receivables	43	(1,001)
Change in current tax	6	(4)
	49	(1,290)
Items relating to investments		
Net amount (paid for)/received from investments	(18,741)	5,872
Realised gains on investments	(11,187)	(7,539)
Decrease/(increase) in unsettled purchases of investments	832	(924)
(Decrease)/increase in unsettled sales of investments	(345)	890
	(29,441)	(1,701)
Other		
Performance fee settled by issue of shares	607	(879)
Adjustment to the fair value of ordinary shares issued in relation to performance fee paid	0	(70)
	607	(949)
Net cash (outflows)/inflows from operating activities	(16,392)	6,231

## Note 9 - Related Party Information

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

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

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

For the year ended 31 March 2016, there was no management fee adjustment required (31 March 2015: nil).

Management fees for the year ended 31 March 2016 totalled \$2,575,864 (31 March 2015: \$2,351,282).

In addition, a performance fee may be earned by the Manager if portfolio returns exceed the performance fee hurdle return of the change in NZ 90 Day Bank Bill Index plus 7% per annum, to the extent the high water mark is also exceeded. Performance fees are calculated weekly and payable annually at the end of each financial year. A performance fee of \$1,396,642 (31 March 2015: nil) has been earned by the Manager for the year ended 31 March 2016, refer to note 12. The performance fee to be paid to the Manager of \$789,204 (31 March 2015: nil) is included within payables and a performance fee reserve of \$607,438 (31 March 2015: nil) for subsequent payment in shares.

Effective from 1 November 2014, Kingfish entered into an Administration Services Agreement with Fisher Funds for the provision of administration services. The nature of the administration services provided by Fisher Funds has not changed from those provided previously and the costs going forward are similar. However, from 1 November 2014 a regular monthly fee is charged where previously there were separate charges for the costs associated with the corporate management team including salaries and other personnel costs. All future administration services costs will be disclosed as administration services in note 1(ii) rather than as corporate management services.

Included within investor relations and communications are marketing costs incurred by Fisher Funds on behalf of Kingfish which amounted to \$15,516 for the year ended 31 March 2016 and were recharged in full to Kingfish (31 March 2015: \$13,741).

The amount payable to Fisher Funds at 31 March 2016 in respect of management fees, performance fees and administration services was \$1,053,745 (31 March 2015: \$215,916).

The directors of Kingfish are the only key management personnel as defined by NZ IAS 24 *Related Party Disclosures* and they earn a fee for their services which is disclosed in note 1(ii) under directors' fees (only independent directors earn a director's fee). The directors also held shares in the company at 31 March 2016 which are disclosed in the Statutory Information section of the annual report and total 3.87% of total shares on issue (31 March 2015: 3.80%). The directors did not receive any other benefits which may have necessitated disclosure under NZ IAS 24 (paragraph 16).

Off-market transactions between Kingfish and other funds managed by Fisher Funds take place for the purposes of rebalancing portfolios without incurring brokerage costs. These transactions are conducted after the market has closed at last sale price (arm's length). During the year ended 31 March 2016, off-market transactions between Kingfish and other funds managed by Fisher Funds totalled \$2,801,772 for purchases and \$1,735,470 for sales (31 March 2015: purchases \$4,526,964 and sales \$nil).

## Note 10 - Financial Risk Management Policies

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

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

## KINGFISH LIMITED

## Notes to the Financial Statements continued

## For the year ended 31 March 2016

## Note 10 - Financial Risk Management Policies continued

**Capital Risk Management**

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

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

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

In June 2009, the company announced a long-term distribution policy paying out 2% of average net asset value each quarter which continues to apply.

**Market Risk**

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

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

Price Risk

The company is exposed to the risk of fluctuations in the underlying value of its listed portfolio companies and changes in the fair value of its unlisted portfolio company. The following companies individually comprise more than 10% of Kingfish's total assets at 31 March 2016: Mainfreight 12%, Fisher and Paykel Healthcare 11% and Ryman Healthcare 11% (31 March 2015: Mainfreight 14%, Fisher and Paykel Healthcare 12% and Ryman Healthcare 11%).

Interest Rate Risk

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

The company may use short-term fixed rate borrowings to fund investment opportunities. There were no borrowings at 31 March 2016 (31 March 2015: nil).

Currency Risk

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

**Credit Risk**

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

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

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

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

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

**Liquidity Risk**

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

## Note 11 - Sensitivity Analysis

### Price Risk

A variable of 10% was selected for price risk as this is a reasonably expected movement based on historic trends in equity prices. The table below summarises the impact on profit and equity at 31 March if equity prices were 10% higher/lower with all other variables held constant.

2016: COMPANY (\$'000)		EQUITY PRICES			
	Carrying Amount	-10%		+10%	
		Profit	Equity	Profit	Equity
Cash and cash equivalents	13,734	0	0	0	0
Investments at fair value (listed)	193,524	(19,352)	(19,352)	19,352	19,352
Available-for-sale investments (unlisted)	735	0	0	0	0

2015: COMPANY (\$'000)		EQUITY PRICES			
	Carrying Amount	-10%		+10%	
		Profit	Equity	Profit	Equity
Cash and cash equivalents	10,791	0	0	0	0
Investments at fair value (listed)	153,932	(15,393)	(15,393)	15,393	15,393
Available-for-sale investments (unlisted)	715	0	0	0	0

### Interest Rate Risk

A variable of 1% (31 March 2015: 3%) was selected as this is reasonably expected movement based on past overnight cash rate movements. The percentage movement for the interest rate sensitivity relates to an absolute change in the interest rate rather than a percentage change in interest rate. The table below summarises the impact on profit and equity if interest rates were 1% higher/lower (2015: 3% higher/lower) with all other variables held constant.

2016: COMPANY (\$'000)		INTEREST RATE			
	Carrying Amount	-1%		+1%	
		Profit	Equity	Profit	Equity
Cash and cash equivalents	13,734	(137)	(137)	137	137
Investments at fair value (listed)	193,524	0	0	0	0
Available-for-sale investments (unlisted)	735	0	0	0	0

2015: COMPANY (\$'000)		INTEREST RATE			
	Carrying Amount	-3%		+3%	
		Profit	Equity	Profit	Equity
Cash and cash equivalents	10,791	(324)	(324)	324	324
Investments at fair value (listed)	153,932	0	0	0	0
Available-for-sale investments (unlisted)	715	0	0	0	0



## KINGFISH LIMITED

## Notes to the Financial Statements continued

## For the year ended 31 March 2016

**Note 12 - Performance Fee**

The Management Agreement with Fisher Funds provides for an annual performance fee for outperforming the performance fee hurdle and providing excess returns.

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

- a) the excess return for the applicable period multiplied by the number of shares on issue at the end of the period; or
- b) the dollar amount by which the net asset value per share exceeds the highest net asset value per share at the end of any previous calculation period in which a performance fee was payable, multiplied by the number of shares on issue at the end of the period.

Excess return is defined as the excess above a performance fee hurdle return which is the change in the NZ 90 Day Bank Bill Index in the period plus 7% per annum.

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

At 31 March 2016 the net asset value per share, before the deduction of a performance fee, of \$1.37 (2015: \$1.34) was above the high water net asset value per share (after adjustment for capital changes and distributions) of \$1.09 (being the highest net asset value per share at the end of the previous calculation period of 31 March 2014 adjusted for any capital changes and distributions).

Accordingly, the company has expensed a performance fee of \$1,396,642 in its Statement of Comprehensive Income for the year to 31 March 2016 (31 March 2015: nil).

**Note 13 - Net Asset Value**

The audited net asset value of Kingfish as at 31 March 2016 was \$1.37 per share (31 March 2015: \$1.34) calculated as the net assets of \$208,351,691 divided by the number of shares on issue of 152,171,194.

**Note 14 - Contingent Liabilities and Unrecognised Contractual Commitments**

There were no contingent liabilities or unrecognised contractual commitments as at 31 March 2016. At 31 March 2015, Kingfish had a contractual commitment to pay Meridian Energy Limited \$584,290 by 15 May 2015. This represented the final instalment of \$0.50 per instalment receipt held by the company in Meridian Energy Limited.

**Note 15 - Segmental Reporting**

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

**Note 16 - Subsequent Events**

On 19 April 2016, the Board announced a new warrant issue. On the record date of 9 May 2016, shareholders were allocated one warrant for every four shares held, a total of 38,176,653 warrants were issued. The exercise date is 5 May 2017, and the exercise price will be \$1.32 less any dividends declared during the period up to exercise date.

On 29 April 2016, in accordance with the terms of the Management Agreement, Kingfish settled the \$1,396,642 performance fee due to Fisher Funds relating to the year ended 31 March 2016 as follows:

1. Fisher Funds used half of the performance fee (excluding GST) to subscribe for Kingfish ordinary shares at the audited 31 March 2016 net asset value per share of \$1.37. Accordingly, Kingfish issued 443,385 ordinary shares totalling \$607,438, and
2. the balance of \$789,204 (including GST) was paid in cash to Fisher Funds.

At 18 May 2016, the unaudited net asset value of the company was \$1.44 per share and the share price was \$1.37.

On 23 May 2016, the Board declared a dividend of 2.69 cents per share. The record date for this dividend is 9 June 2016 with a payment date of 24 June 2016.

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

## Shareholder Information

### SIZE OF SHAREHOLDING AS AT 16 MAY 2016

Holding Range	# of Shareholders	# of Shares	% of Total
1 to 999	249	116,784	0.08
1,000 to 4,999	904	2,580,707	1.69
5,000 to 9,999	904	6,278,377	4.11
10,000 to 49,999	2,105	45,501,571	29.81
50,000 to 99,999	347	22,783,552	14.93
100,000 to 499,999	225	40,162,625	26.32
500,000 +	28	35,190,963	23.06
<b>TOTAL</b>	<b>4,762</b>	<b>152,614,579</b>	<b>100.00%</b>

### 20 LARGEST SHAREHOLDERS AS AT 16 MAY 2016

Holder Name	# of Shares	% of Total
ASB Nominees Limited <A/C 340941>	3,921,624	2.57
Investment Custodial Services Limited <A/C C>	3,537,987	2.32
Custodial Services Limited <A/C 6>	2,731,551	1.79
ASB Nominees Limited <A/C 339992>	2,377,079	1.56
FNZ Custodians Limited	2,032,681	1.33
Custodial Services Limited <A/C 3>	1,936,591	1.27
Michael John Edgar + Susan Margaret Nemec + Charterhall Trustees Limited	1,600,122	1.05
Forsyth Barr Custodians Limited	1,485,535	0.97
Custodial Services Limited <A/C 4>	1,340,647	0.88
Murray John Lombard Aldridge + Lesley Ann Aldridge + Nicholas Corporate Trustee Co Ltd	1,074,786	0.70
Scholthorn Investments Limited	1,050,359	0.69
Graham John Paull + Owen Brent Ennor	1,000,000	0.66
ASB Nominees Limited <A/C 679235>	916,000	0.60
John Licco Sarfati	800,000	0.52
Albert John Harwood + Marlene Mary Harwood	797,301	0.52
Lloyd James Christie	780,403	0.51
Pamela Jean Gillies	780,000	0.51
Leslie Burgess	770,904	0.51
Stephen Thomas Wright	765,367	0.50
Alok Dhir	706,830	0.46
<b>TOTAL</b>	<b>30,405,767</b>	<b>19.92%</b>

## Shareholder Information continued

### 20 LARGEST WARRANTHOLDERS AS AT 16 MAY 2016

Holder Name	# of Warrants	% of Total
ASB Nominees Limited <A/C 340941>	980,406	2.57
Investment Custodial Services Limited <A/C C>	875,736	2.29
Custodial Services Limited <A/C 6>	682,890	1.79
ASB Nominees Limited <A/C 339992>	594,270	1.56
FNZ Custodians Limited	508,173	1.33
Custodial Services Limited <A/C 3>	421,657	1.10
Michael John Edgar + Susan Margaret Nemec + Charterhall Trustees Limited	400,031	1.05
Forsyth Barr Custodians Limited	372,216	0.98
Custodial Services Limited <A/C 4>	280,165	0.73
Murray John Lombard Aldridge + Lesley Ann Aldridge + Nicholas Corporate Trustee Co Ltd	268,697	0.70
Scholthorn Investments Limited	262,590	0.69
Graham John Paull + Owen Brent Ennor	250,000	0.66
ASB Nominees Limited <A/C 679235>	229,000	0.60
Activate Foundation Trust	225,000	0.59
John Licco Sarfati	200,000	0.52
Albert John Harwood + Marlene Mary Harwood	199,326	0.52
Lloyd James Christie	195,101	0.51
Pamela Jean Gillies	195,000	0.51
Leslie Burgess	192,726	0.51
Alok Dhir	176,708	0.46
<b>TOTAL</b>	<b>7,509,692</b>	<b>19.67%</b>

## Statutory Information

### DIRECTORS' RELEVANT INTERESTS IN EQUITY SECURITIES AT 31 MARCH 2016

#### Interests Register

The company 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 2016 are as follows:

	Ordinary Shares	
	Held Directly	Held by Associated Persons
A B Ryan <sup>(1)</sup>	17,191	
C M Fisher <sup>(2)</sup>		5,855,318
C A Campbell <sup>(3)</sup>	10,060	
R A Coupe <sup>(4)</sup>	8,759	

- (1) A B Ryan received 2,845 shares in the year ended 31 March 2016, issued under the share purchase plan (issue price \$1.41). A B Ryan received 1,261 shares in the year ended 31 March 2016, issued under the dividend reinvestment plan (average issue price \$1.27). A B Ryan acquired 2,534 shares in the year ended 31 March 2016, on exercise of 2,534 warrants (exercise price \$1.18).
- (2) Associated persons of C M Fisher acquired 1,171,064 shares in the year ended 31 March 2016, on exercise of 1,171,064 warrants (exercise price \$1.18).
- (3) C A Campbell received 2,312 shares in the year ended 31 March 2016, issued under the share purchase plan (issue price \$1.41). C A Campbell received 744 shares in the year ended 31 March 2016, issued under the dividend reinvestment plan (average issue price \$1.27). C A Campbell acquired 1,357 shares in the year ended 31 March 2016, on exercise of 1,357 warrants (exercise price \$1.18).
- (4) R A Coupe received 2,312 shares in the year ended 31 March 2016, issued under the share purchase plan (issue price \$1.41). R A Coupe received 650 shares in the year ended 31 March 2016, issued under the dividend reinvestment plan (average issue price \$1.27). R A Coupe acquired 1,123 shares in the year ended 31 March 2016, on exercise of 1,123 warrants (exercise price \$1.18).

#### DIRECTORS HOLDING OFFICE

The company's directors as at 31 March 2016 were:

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

In accordance with the Kingfish constitution, at the 2015 Annual Shareholders' Meeting, Carmel Fisher retired by rotation and being eligible was re-elected. Alistair Ryan retires by rotation at the 2016 Annual Shareholders' Meeting and being eligible, offers himself for re-election.

**DIRECTORS' REMUNERATION**

The following table sets out the total remuneration received by each director from Kingfish for the year ended 31 March 2016. The directors' fees disclosed in the financial statements include a portion of non-recoverable GST expensed by Kingfish.

Directors' remuneration\* for the 12 months ended 31 March 2016

A B Ryan (Chairman)	\$40,000 <sup>(1)</sup>
C A Campbell	\$32,500 <sup>(2)</sup>
R A Coupe	\$32,500 <sup>(3)</sup>

\*excludes GST

- (1) \$4,000 of this amount was applied to the purchase of 2,845 shares under the Kingfish share purchase plan.  
 (2) \$3,250 of this amount was applied to the purchase of 2,312 shares under the Kingfish share purchase plan.  
 C A Campbell receives \$5,000 as Chair of Audit and Risk Committee.  
 (3) \$3,250 of this amount was applied to the purchase of 2,312 shares under the Kingfish share purchase plan.  
 R A Coupe receives \$5,000 as Chair of Investment Committee.

Carmel Fisher does not earn a director's fee.

**EMPLOYEE REMUNERATION**

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



**DISCLOSURE OF INTERESTS AS AT 31 MARCH 2016**

General Interest Pursuant to Section 140 of the Companies Act 1993 as at 31 March 2016:

A B Ryan	Barramundi Limited	Director
	Marlin Global Limited	Director
	Christchurch Casinos Limited	Director
	Metlifecare Limited	Director
	Lewis Road Creamery Limited	Director
	Evolve Education Group Limited	Director
	The New Zealand Racing Board	Board Member
	Auditor Regulation Advisory Group	Member
C M Fisher	Barramundi Limited	Director
	Marlin Global Limited	Director
	Fisher Funds Management Limited	Director
C A Campbell	Barramundi Limited	Director
	Marlin Global Limited	Director
	Turners & Growers Limited	Director
	Hick Bros Civil Construction Limited & associated companies	Director
	Woodford Properties Limited	Director
	Brave Star Media Limited	Director
	alphaXRT Limited	Director
	New Zealand Post Limited	Director
	Key Assets NZ Limited	Director
	The Business Advisory Group Limited	Director
	Kiwibank Limited	Director
	NPT Limited	Director*
	Key Assets Foundation	Trustee
	Ronald McDonald House Charities NZ	Chair
R A Coupe	Barramundi Limited	Director
	Marlin Global Limited	Director
	New Zealand Takeovers Panel	Deputy Chairman
	Coupe Consulting Limited	Director
	Farmright Limited	Chairman
	Solid Energy New Zealand Limited	Director
	Gentrack Group Limited	Director*
	Institute of Finance Professionals New Zealand	Member

(1) Notices given by directors during the year ended 31 March 2016 are marked with an asterisk

(2) There have been no details included in the interests register as at 31 March 2015, or entered during the year ended 31 March 2016, that have been removed during the year ended 31 March 2016.

## Statutory Information continued

### DIRECTORS' INDEMNITY AND INSURANCE

Kingfish has insured all of its directors against liabilities and costs referred to in Section 162(3), 162(4) and 162(5) of the Companies Act 1993. The insurance does not cover liabilities arising from criminal actions.

The company has granted an indemnity in favour of all current and future directors of the company in accordance with the company's constitution.

### AUDITOR'S REMUNERATION

During the 31 March 2016 year the following amounts were paid/payable to the auditor – PricewaterhouseCoopers.

	\$000
Statutory audit and review of financial statements	38
Other assurance services	2
Non assurance services	2

### DONATIONS

The company did not make any donations during the year ended 31 March 2016.

# Directory

## Nature of Business

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

### Manager

#### Fisher Funds Management Limited

Level 1  
67 – 73 Hurstmere Road  
Takapuna  
Auckland 0622

### Directors

#### Independent Directors

Alistair Ryan (Chairman)  
Carol Campbell  
Andy Coupe

#### Director

Carmel Fisher

### Corporate Manager

Glenn Ashwell

### Registrar

*Shareholders with enquiries about transactions and changes of address should contact Kingfish's 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](mailto:enquiry@computershare.co.nz)

*Alternatively, to change your address, update your payment instructions, and to view your investment portfolio including transactions online, please visit:*  
[www.computershare.co.nz/investorcentre](http://www.computershare.co.nz/investorcentre)

### Auditor

#### PricewaterhouseCoopers New Zealand

188 Quay Street  
Auckland 1142

### Solicitor

#### Bell Gully

Level 21  
48 Shortland Street  
Auckland 1010

### Banker

#### ANZ Banking Group Limited

Level 9  
215 – 229 Lambton Quay  
Wellington 6011

### Investor Enquiries

#### 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](mailto:enquire@kingfish.co.nz)

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