



Media Release

28 February 2018

NEW ZEALAND KING SALMON DECLARES PROFIT AFTER TAX FOR 1H18 OF \$15.7 MILLION, UP 81% ON 1H17

A combination of strong global demand and a boost in volume available has helped New Zealand King Salmon Investments Ltd (NZX and ASX:NZK) (the *Company*) deliver a record first-half profit result. Key highlights of the Company's first-half result, which were reported today, include:

- Net Profit After Tax of \$15.7 million, up 81% on the comparable six month period to 31 December 2016 (*1H17*).
- Pro Forma Operating EBITDA of \$19.5 million, 169% ahead of 1H17.¹
- Fully imputed dividend of 2.0 cents per share (*cps*) declared.
- 4,392 metric tonnes of gilled and gutted salmon sold, up 29% on 1H17.
- Average selling price improved as branding penetration increases, mainly due to Ōra King sales up 22% on 1H17.
- Impact of summer temperatures on fish survival will be reported following the summer period, as we did last year.

Chairman John Ryder said "The Company experienced strong demand for its premium King salmon products over the six month period. Favourable growing conditions during the FY2017 year allowed us to deliver additional volume to satisfy the demand. However, the situation has now become more challenging. The extraordinarily hot summer has impacted the survival rates of our King salmon, and this will be a principal factor behind an anticipated reduction in profits for the second half" cautions Ryder.

"We remain positive about the longer-term prospects for our Company" he said.

The Company continues to execute on its premium branded strategy, said Managing Director and CEO Grant Rosewarne. "In addition to achieving strong growth in sales volumes, we have also made significant gains in the average selling price of our salmon. This mainly reflects increased sales of Ōra King whole salmon, but also represents our focus on the right mix of product and customer. A nationwide advertising campaign for Regal coupled with new product launches also positions us well for future sales of our

¹ Pro-Forma Operating EBITDA is a non-GAAP profit measure used by New Zealand King Salmon. In addition to the adjustments outlined above, Pro-Forma Operating EBITDA reverses out fair value gains associated with the revaluation of livestock pursuant to NZ IAS 41-Agriculture and NZ IAS 2-Inventory. The application of NZ IAS 41-Agriculture, and NZ IAS 2-Inventory effectively results in the New Zealand King Salmon Group recognising expected profits from the sale of livestock prior to sale. Other international listed salmon companies will typically present 'Operating' results which remove the impact of these gains or losses. New Zealand King Salmon therefore believes that Operating results enable a better comparison of financial performance between its peers and between periods. A full reconciliation between GAAP and Pro Forma results is included in the Interim Results FY18H1 Investor Presentation.

premium branded retail products. We're confident in the strong foundation we're building for the long-term performance of the Company."

"Our aquaculture team has been actively preparing the farms in anticipation of the warmer summer months, however this year, water temperatures have been well above-average. Our recently-commissioned higher-flow sites have lessened the impact of the sustained heat, although, like many other farmers on land and in the sea, we have had associated performance and survival challenges. As a result, growth in sales volumes will be impacted during the second half of the financial year and into FY2019F. We'll report in more detail once the summer period is over as we did last year, including an update on our progress towards a long term solution to combat the risk of increasing sea temperatures."

He added that "the company is in a strong financial position with a positive net cash position as at 31 December 2017."

"We're also pleased to see the Ministry for Primary Industries' proposal to relocate up to six salmon farms advance to the next stage with the recent publication of the Marlborough Salmon Farm Relocation Advisory Panel recommendations. The panel recognised the 'distinct environmental advantages' of higher-flow sites, as well as the positive social and economic outcomes. We look forward to working with Government, Council and our community to progress our vision for best-practice salmon farming."

New Zealand King Salmon has declared a fully imputed final dividend of 2.0 cents per share to be paid on 23 March 2018.

<ENDS>

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About New Zealand King Salmon

New Zealand King Salmon is the world's largest aquaculture producer of the premium King salmon species. We operate under our four key brands: Ōra King, Regal, Southern Ocean, and Omega Plus, and the New Zealand King Salmon label. We have been growing and selling salmon to consumers for more than 30 years. Today we employ around 500 people. New Zealand investors make up a significant percentage of the ownership of NZ King Salmon, and the communities of Marlborough, Nelson and Tasman are well represented with more than 400 of the approximately 2,200 shareholders being from the Top of the South.

More information can be found at www.kingsalmon.co.nz



1H18 HALF YEAR FINANCIAL RESULTS

01

HIGHLIGHTS



FINANCIAL HIGHLIGHTS

Revenue of \$87.7m, up 38% on 1H17.

Pro Forma Operating EBITDA of \$19.5m*, up 169% on 1H17.

GAAP NPAT of \$15.7m, up 81% on 1H17.

Fully imputed dividend of 2.0 cents per share declared. To be paid 23 March 2018.**

Firm global demand for King Salmon continues to support strong pricing.

Significantly above average sea temperatures and consequent fish survival challenges will impact 2H18 performance. We will update the market following the summer period as we did last year.

* A full reconciliation between GAAP and Pro Forma results is shown on page 27 of this presentation

** New Zealand King Salmon's Product Disclosure Statement dated 23 September 2016 (PDS) provided for an interim dividend of 2.0 cents and a final dividend of 2.0 cents per share in FY18.

OPERATING HIGHLIGHTS

Pleasing improvement in Health, Safety and Wellness metrics.

- LTIFR* down to 11.4 at Dec 2017 (24.1 at Dec 2016)

Harvest volumes increasing:

- Total harvest of 4,424 MT, up 30% on 1H17.
- FCR of 1.74 (an improvement on FCR for 1H17 of 1.76).
- Mortality up to 9.0% from 4.7%. Mortality will increase further during 2H18.

4,392 MT G&G* sold, up 29% on 1H17 due to strong FY17 fish performance:

- Strong sales volume growth in New Zealand (2,294 MT, up 13% on 1H17) and North America (1,158 MT, up 70% on 1H17).

Sales of branded products up 17% on 2H17.

- Ōra King sales up 22%.

Average sales prices up in key markets and ahead of PFI.

- Weighted average NZ\$ / kg sale price achieved of \$20.0, up from \$18.7 in 1H17 and FY18 PFI of \$19.2.

Closing biomass in the sea of 6,684 MT.

- Closing biomass of 6,684 MT up 9% on 1H17 and 7% on Jun 2017.

Successful launch of new products:

- Regal Manuka smoked (and Al Brown TV campaign).
- Ōra King Tyee (soft launch).
- Omega Plus product range extended.

* A glossary of terms is included on page 29 of this presentation.

An underwater photograph showing a dense field of green and brown seaweed or kelp. Sunlight rays penetrate the water from the surface, creating a dappled light effect on the plants and the sandy seabed. The overall tone is natural and serene.

SUSTAINABILITY

SUSTAINABLE DEVELOPMENT GOALS

Our Sustainable development goals

As a company we are committed to the implementation of sustainable aquaculture and production practices that benefit the communities we operate in.

We previously selected five United Nations Sustainable Development Goals that we believe are most relevant to New Zealand King Salmon:



...and we are now working through specific sustainability objectives that will align to the UN goals, and deliver a framework for our future reporting.

We are currently engaging with our team members to test and finalise our objectives before publication.

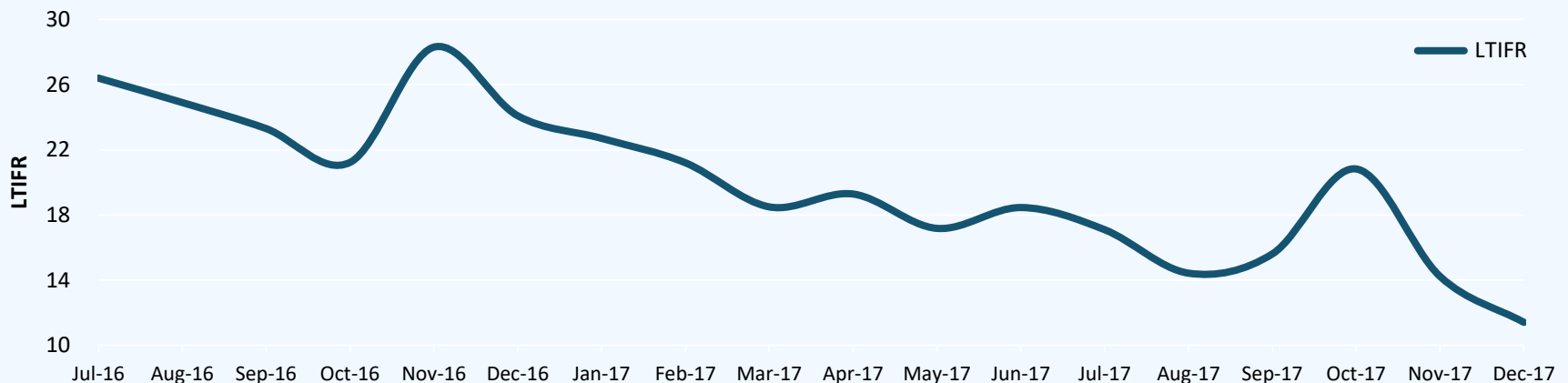
HEALTH, SAFETY AND WELLNESS

We are uncompromising in our commitment to Health, Safety and Wellness

The health, safety and wellness of our team members is critical to the continued growth of our business. It's well understood that good safety is good business, as a positive, safe and engaged workforce drives organisational performance.

We continue to focus on our six critical risk areas which has seen improvements implemented over the past 6 months:

- LTIFR* down to 11.4 at December 2017 (from 18.5 at June 2017, 24.1 at December 2016)



* LTIFR is the Lost Time Injury Frequency Rate and refers to the number of lost time injuries occurring in a workplace per 1 million hours worked.

FINANCIAL OVERVIEW

SUMMARY FINANCIAL INFORMATION

Growth in all key financial metrics

Key drivers of performance include:

- A 29% increase in volumes sold.
- A 38% increase in revenue growth reflecting:
 - ▶ Fine tuning of market position in Australasia.
 - ▶ An increase in sales of premium branded products including Ōra King and wood smoked.
- A reduction in cost of sales** with increased harvest volumes leading to scale economies in production and processing, and modestly favourable recent feed prices.

* A full reconciliation between GAAP and Pro Forma results is shown on page 27 of this presentation

** Prior to fair value adjustments

Group Financial Performance						
NZ\$000s	Pro-Forma*			GAAP		
	1H18	1H17	% chg.	1H18	1H17	% chg.
Volume Sold (MT)	4,392	3,407	29%	4,392	3,407	29%
Revenue	87,688	63,626	38%	87,688	63,626	38%
Gross Margin	29,521	15,646	89%	34,426	27,032	27%
Gross Margin %	34%	25%		39%	42%	
EBITDA	19,516	7,264	169%	24,310	16,188	50%
EBITDA %	22%	11%		28%	25%	
EBIT	17,097	5,158	231%	21,891	14,082	55%
NPAT	12,283	3,497	251%	15,735	8,705	81%

1H17 and 1H18 GAAP results shown above are unaudited.

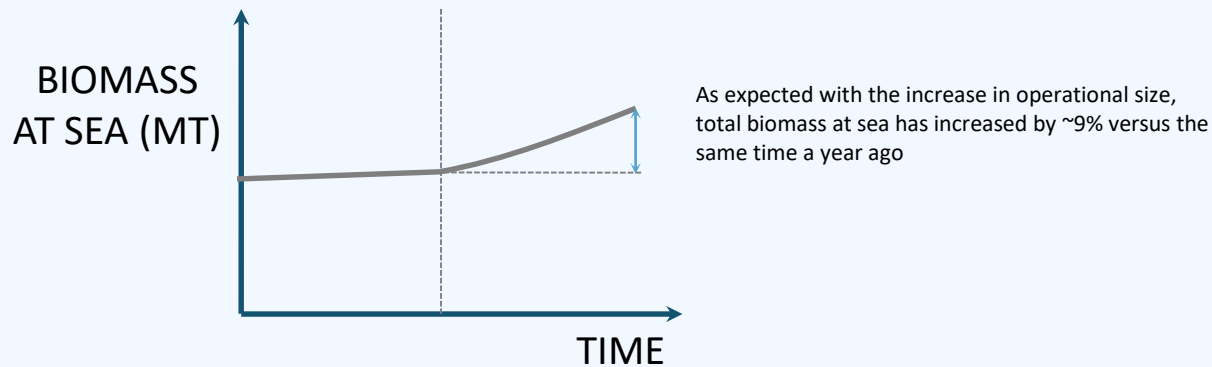
GAAP NPAT (\$15,735k) includes Fair Value gains on increases in biomass at sea and costs incurred in relation to the Ministry for Primary Industries proposed salmon farm relocation process.

UNDERSTANDING OUR GAAP RESULTS

Fair Value gains and losses arising from IAS 41 *Agriculture* and IAS 2 *Inventory*

As expected, our results are significantly impacted by NZ IAS 41 *Agriculture* and NZ IAS 2 *Inventory*. These standards require us to record fair value adjustments associated with ongoing changes in the value or volume of fish at sea, and our inventories of finished product

When we record a change in biomass at sea (currently increasing as new farms come on stream), or where the profit we expect to realise on fish that we sell changes, these standards require us to quantify and recognise the gain or loss in the current period. This applies to both biomass at sea and inventories of finished products.



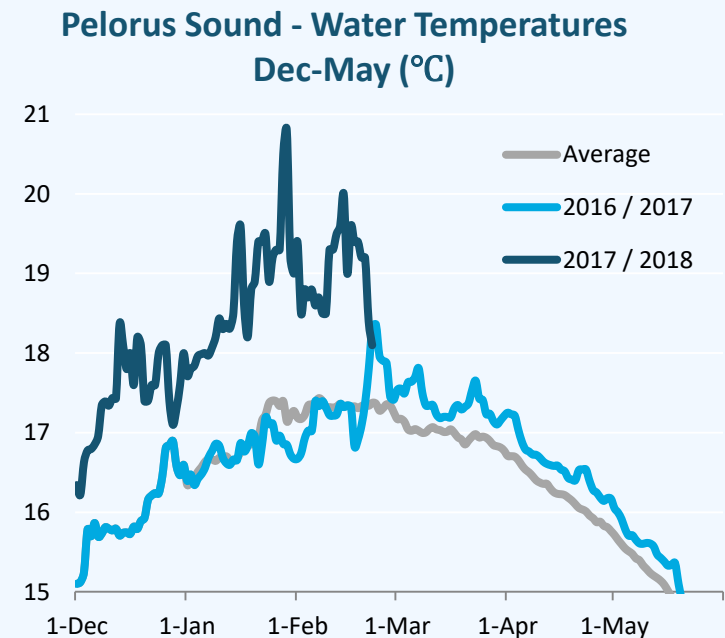
Pro Forma Group Financial Performance removes gains / losses associated with the application of these standards. The company will continue to present Pro Forma results for future reporting periods on this basis. Our Statement of Financial Position shows biological assets at their fair value.

PERFORMANCE PHASING

Known and expected summer mortality will impact our 2H result

1H and 2H results vary due to a number of factors. Water temperature and its resulting influence on mortality is expected to be a significant factor for FY2018F:








- Water temperatures during the 2017 summer were broadly representative of 'average'.
- These conditions, coupled with operational improvements, gave rise to lower mortality and consequently higher volumes of fish harvested during 2H17 and 1H18.
- Extraordinarily high sea temperatures for the 2017/18 summer have given rise to increased mortalities (which will be recognised in the 2H18 result) lowering harvest volumes for 2H18 and FY19.





HARVEST BY FARM

Volumes from new farms driving larger harvest

1H18 harvest volume has been enhanced by solid fish growth last summer.

Farm	Indicative Size (FY2018F harvest)	Water	Other factors	Volume Harvested			
				1H17	2H17	1H18	2H18
Ruakaka		Low flow	Low automation, less efficient	650 MT	10 MT	1,140 MT	-
Otanerau		Low flow	Low automation, less efficient	650 MT	-	760 MT	~100 MT
Clay Point		High flow	Good automation	200 MT	1,710 MT	-	~1,200 MT
Te Pangu		High flow	Good automation	300 MT	1,900 MT	340 MT	~1,600 MT
Waitata		High flow	High automation, new equipment	1,290 MT	-	1,930 MT	-
Ngamahau		High flow	Good automation	270 MT	220 MT	250 MT	~500 MT
Kōpaua		High flow	High automation, new equipment	-	-	-	~100 MT
				3,360 MT	3,840 MT	4,420 MT	~3,500 MT

Key:  FY18F Harvested volume (~900 MT G&G)

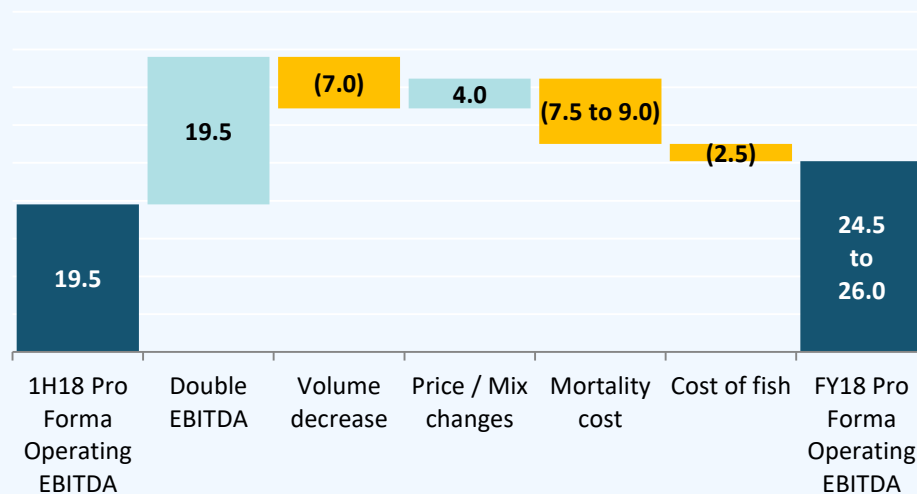
 Eventual production from new farms (~900 MT G&G)

BRIDGING TO FULL YEAR FORECAST PROFIT

Profitability in 2H18 is expected to be approximately \$13.0m to \$14.5m lower than 1H18. This is due to:

- Lower sales volumes:
 - ▶ 1H18 sales volumes benefitted from stronger than anticipated demand and increased fish availability as outlined previously.
 - ▶ This demand also led to an acceleration of harvesting, which has been slowed in 2H18.
- Price increases implemented in early 2H18 in response to strong demand.
- Increased mortality cost (expensed as it is incurred) as previously outlined.
- Increased cost of fish harvested largely due to expected increases in feed cost (increased cost of raw ingredients coupled with changes in feed mix – use of summer diets).

1H18 to full year Pro Forma Operating EBITDA (\$M)



BALANCE SHEET

New Zealand King Salmon is in a strong financial position.

Our balance sheet is in a strong position with the capacity to finance expected capital investment and growth:

- Net cash of \$4.0m.
- Key working capital lines (receivables, inventories and payables) increasing as expected with sales volumes.
- Biological asset growth reflects revaluation of livestock pursuant to NZ IAS 41 *Agriculture*.
- 'Other' non current assets includes goodwill of \$39.3m
- 'Other' non-current liabilities largely reflects deferred tax on fair value gains.
- Increase in PP&E reflects key new sea farm infrastructure now in place at Kōpaua and Waihinau as noted in our PDS.

Group Financial Position

	Dec-17 Unaudited	Jun-17 Audited	Dec-16 Unaudited
NZ\$000s			
Assets			
Current Assets			
Cash and equivalents	15,529	10,647	10,694
Receivables	19,299	11,687	15,210
Inventories	18,522	16,674	19,244
Biological Assets	74,454	68,556	58,464
Other	2,604	2,487	1,426
	130,408	110,051	105,038
Non-current Assets			-
Property, plant & equipment	38,671	35,726	34,294
Biological assets	9,126	10,960	8,828
Other	48,646	47,775	46,567
	96,443	94,461	89,689
Total Assets	226,851	204,512	194,727
Liabilities			
Current Liabilities			
Loans (external)	(1,513)	(414)	(1,239)
Payables	(18,790)	(13,282)	(21,424)
Other	(8,166)	(6,608)	(4,301)
	(28,469)	(20,304)	(26,964)
Non-Current Liabilities			
Loans (external)	(10,016)	(10,124)	(10,140)
Other	(16,912)	(15,409)	(12,855)
	(26,928)	(25,533)	(22,995)
Total Liabilities	(55,397)	(45,837)	(49,959)
Net Assets	171,454	158,675	144,768
Net Cash / (Net Debt)	4,000	109	(685)

04

BUSINESS UPDATE



BRANDING / NEW PRODUCTS

Our premium branded product strategy underpins value growth

- Demand continues to outpace supply:
 - ▶ This provides us with an opportunity to rebalance supply and increase prices in lower returning markets / product categories.
 - ▶ We have recently implemented, or are in the process of implementing, price increases that will benefit FY2019F and future periods.
 - ▶ Supports expected future increases in volumes from new farms.
- Ōra King featured on the menu of more than 850 restaurants.
- Successful TV advertising campaign for new Manuka Smoked product featuring well known New Zealand chef Al Brown and Reg the seal.



OMEGA INNOVATIONS

Improving whole of fish value by adding value to by-products

The Omega Innovations adds value to remaining raw materials (RRM) through applications including pet food and treats (under our pet food range Omega Plus), and other products.

The Omega Plus pet food range continues to be extended. It currently includes dry cat and dog food (kibble), wet cat and dog food (cans), freeze dried treats and a salmon oil dietary supplement, all of which are available in retail stores through New Zealand.

Omega Plus will be launching in China this year working in partnership with online platform Boqii to access an estimated 10m unique users through their website.

We continue to evaluate other opportunities to add value to our 1,700 MT of RRM produced annually. Products launched by Omega Innovations recently include:

- Big Catch Salmon Burley – heat treated for bio security purposes (estimated market size 300 MT).
- Wet Block – block frozen salmon viscera for pet food (market size 1,000 MT).

MPI MARLBOROUGH SALMON FARM RELOCATION PROCESS

The Ministry for Primary Industries' proposal to relocate up to six salmon farms to deeper locations with higher water flow ('high-flow sites') in the Marlborough Sounds is set to advance to the next stage with February's release of the Marlborough Salmon Farm Relocation Advisory Panel recommendations for the Government to consider.

The panel has recommended that three of the six farms be relocated. Their recommendation is for relocation of the three most productive low-flow sites to the three least productive high-flow sites. If adopted in its current form, New Zealand King Salmon expects the following benefits (that would be unlikely to be realised prior to FY21):

- Improved environmental and social outcomes, including adoption of Best Management Practice Guidelines on the new sites.
- Modest long-term increases in production.
- New 20-year consents providing long-term production certainty.

New Zealand King Salmon is undertaking a thorough review of the report and the cultural, landscape, and navigation concerns raised against the new sites that were not recommended.

The Minister of Fisheries has indicated that he will consider the recommendation made by the panel and that a final decision will not be made for some months.

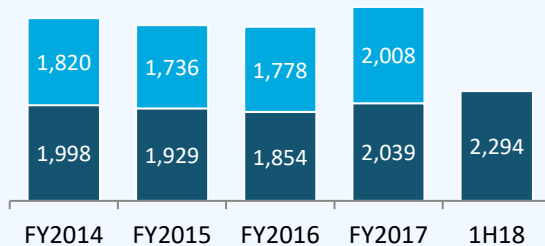
Further details on the MPI process can be found at

<http://www.mpi.govt.nz/news-and-resources/consultations/marlborough-salmon-relocation/>

SALES BY MARKET

Strong performance from the Domestic and North American markets

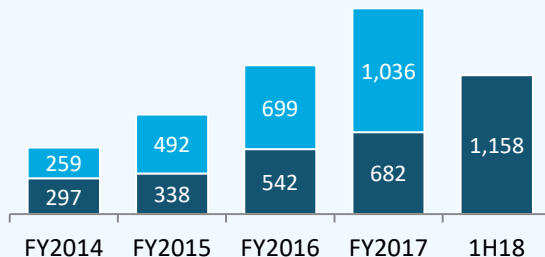
Domestic market (MT)



Domestic sales are up 12% on 1H17:

- We are working hard to grow the domestic category through increases in per capita consumption.
- We recorded retail sales growth of 29% by volume sold.

North America (MT)



Sales to North America are up by 70% on 1H17 as we continue to direct resources and focus into this market:

- Ōra King growth in North America remains strong, with branding prominent on restaurant menus.
- We have secured contracts for the supply of branded frozen portions in premium restaurant groups. These sales provide strong returns and processing flexibility.



SALES BY MARKET - EXPORT

Strong performance from other export markets

Sales to export markets were also up in 1H18 as a result of an increase in fish availability.

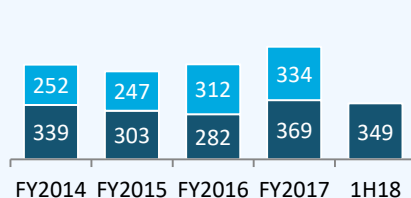
Australia – volumes are rebalancing following significant price increases to improve returns from this market.

Asia (ex Japan) – good growth continues through the Asian continent including China (albeit off a low base). We are exploring opportunities to enter Asian retail markets with our smoked and ready to eat products.

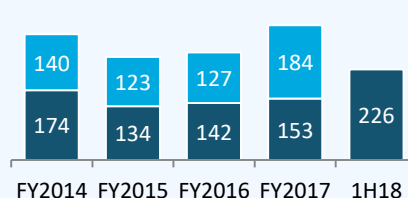
Japan – sales up significantly following increased promotional activity. We continue to work on developing our premium branded position in this market.

Europe – ongoing steady growth in sales to Europe.

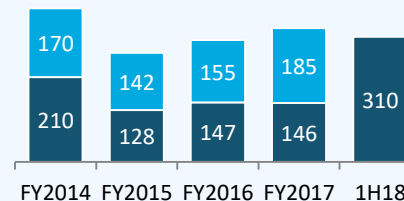
Australia (MT)



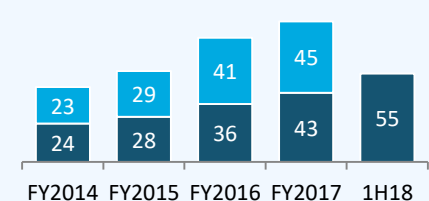
Asia (ex Japan, MT)



Japan (MT)



Europe(MT)



■ 1H sales ■ 2H sales

AVERAGE SALE PRICES

Strong branding delivers improved value to our business

The majority of markets saw price increases over FY17 and well ahead of PFI. Price increases have been underpinned by our premium positioning and branding to the consumer, together with strong demand.

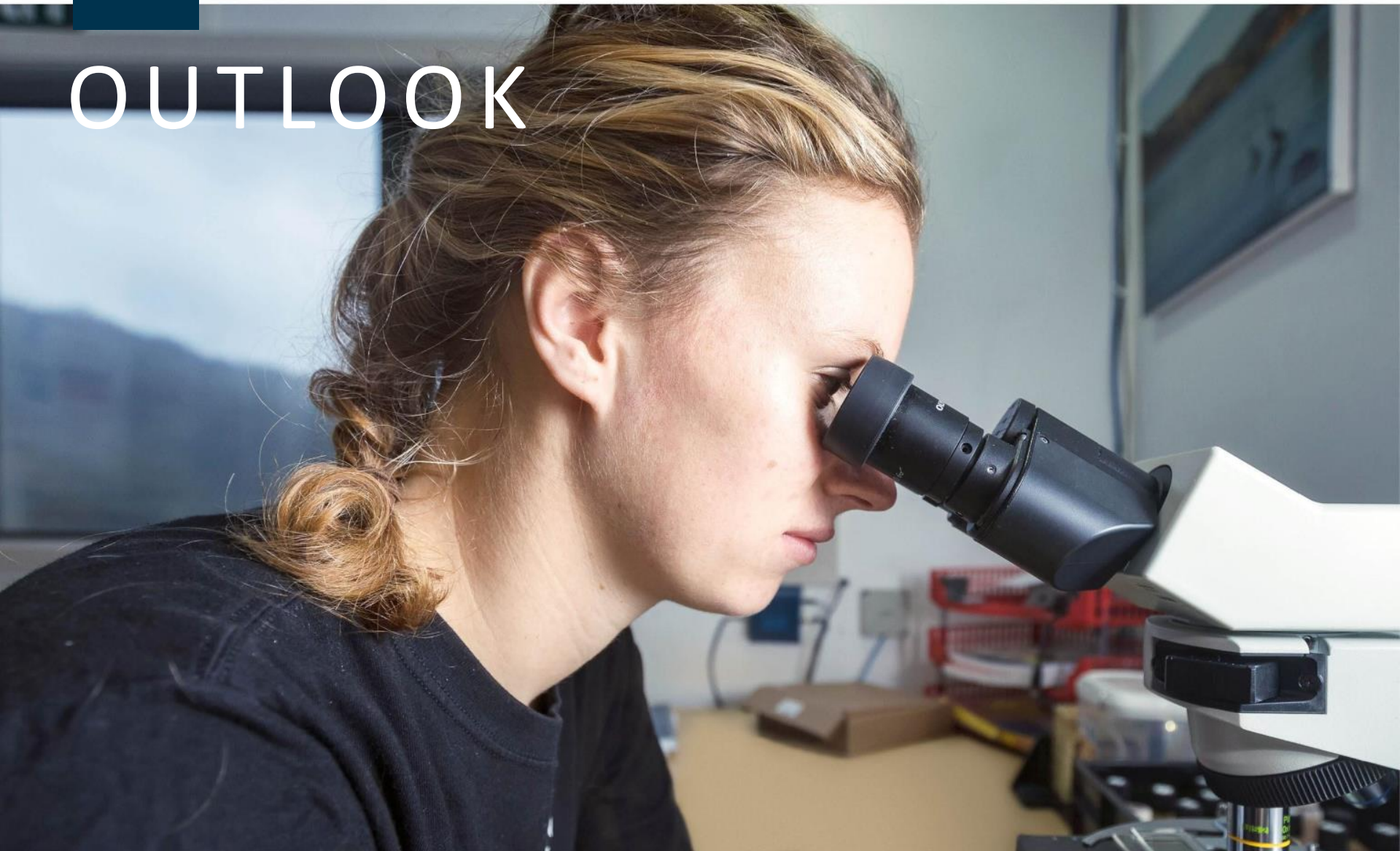
Average Sales price per kg		FY2014	FY2015	FY2016	FY2017	1H18	FY2018 PFI
Domestic Sales							
Foodservice	NZD	16.29	16.84	17.05	17.90	18.75	17.18
Retail	NZD	17.39	18.36	19.25	19.78	20.16	19.44
Domestic Average	NZD	16.81	17.50	17.97	18.77	19.47	18.16
Export Sales							
North America	USD	13.53	14.71	14.74	14.90	14.97	15.05
Australia	AUD	14.21	15.35	15.14	16.49	17.70	16.18
Asia (ex Japan)	NZD	17.11	19.54	21.16	21.37	21.95	22.34
Japan	JPY	1,177	1,387	1,428	1,428	1,393	1,400
Europe	NZD	20.83	21.26	24.82	22.88	23.77	23.11
Foreign Exchange Rates		FY2014	FY2015	FY2016	FY2017	1H18	FY2018 PFI
NZD:AUD		0.85	0.89	0.91	0.93	0.93	0.91
NZD:USD		0.77	0.79	0.68	0.69	0.68	0.69
NZD:JPY		72.18	77.96	77.52	77.05	76.43	73.92

FISH PERFORMANCE

- Harvest volume increased to 4,424 MT, up 30% on 1H17.
- FCR improved to 1.74x from 1.76x in 1H17. FCR improvements reflect increased focus on this key biological performance metric. FCR continues to be a key focus for the aquaculture team.
- Feed cost in 1H18 was down 6% on 1H17 due to decreases in the price of raw materials (fish oil and meal).
 - ▶ Cost of feed inputs have increased recently. Full year feed costs are forecast to be \$2.31/Kg (PFI \$2.65/Kg).
- Mortality biomass in 1H18 was impacted by abnormally warm water temperatures through the summer. With the majority of mortalities realised in the second half of the year, mortality is likely to be in excess of PFI.
- Solutions to combat the risk of increasing sea temperatures will include:
 - ▶ Tight focus on fish husbandry and animal welfare.
 - ▶ Preventative immunisation in hatcheries.
 - ▶ Robustness incorporated into breeding program.
 - ▶ Active management of stocking density by region.

Biological Performance			
	1H18	1H17	% chg.
Harvest Volume (MT)	4,424	3,397	30%
Feed Conversion Ratio (FCR)	1.74	1.76	-1%
Mortality as a % of Biomass	9.0%	4.7%	91%
Closing Livestock Biomass	6,684	6,152	9%
Feed Cost (\$ / Kg)	2.20	2.33	-6%

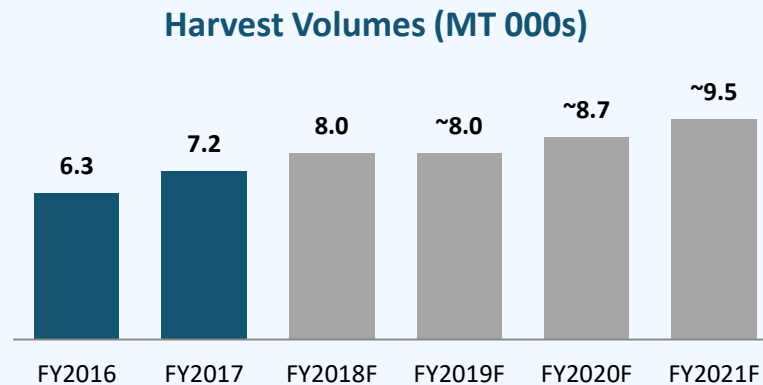
OUTLOOK



FUTURE VOLUME

Recent and expected future mortalities limit short term volume growth

- FY2018F harvest now forecast at approximately 8,000 MT, 6% above PFI forecasts of 7,500 MT.
- Recent and expected mortalities will likely mean that the FY2019F harvest is consistent with the FY2018F*.
- A degree of uncertainty and risk exists principally regarding the FY2019F harvest should high water temperatures persist beyond current forecasts.
- We re-affirm the FY2021F harvest of ~9,500 MT as presented in our PDS.



* Subject to current summer fish survival rates.

SUMMARY AND OUTLOOK

- Most key operating metrics are on track.
- Strong revenue growth of \$87.7m, up 38% on 1H17.
- Pro Forma Operating EBITDA of \$19.5m, and GAAP NPAT of \$15.7m.
- Strong increase in volumes sold, up by 38% on 1H17, albeit sales growth will be tempered during 2H18.
- Recently implemented and planned price increases lay foundation for long-term profit improvement.
- We will update the market following the summer period as we did last year.

APPENDICES



APPENDIX – 1H18 RECONCILIATION BETWEEN GAAP RESULTS AND PRO FORMA FINANCIALS

1H18	Statutory Financial Statements	Non-recurring or infrequent items Marlborough salmon relocation costs	Pro Forma Historical Information	Fair Value Adjustments	Pro Forma Operating Financial Information
NZD 000s					
Revenue	87,688		87,688		87,688
Cost of goods sold	(76,245)		(76,245)	26,300	(49,945)
Fair value gain / (loss) on biological transformation	31,204		31,204	(31,204)	-
Freight costs to market	(8,222)		(8,222)		(8,222)
Gross Profit	34,426	-	34,426	(4,904)	29,521
Other operating income	1,500		1,500		1,500
Overheads					
Sales, marketing and advertising	(5,862)		(5,862)		(5,862)
Distribution overheads	(1,593)		(1,593)		(1,593)
Corporate expenses	(4,048)		(4,048)		(4,048)
Other expenses	(112)	110	(2)		(2)
EBITDA	24,310	110	24,420	(4,904)	19,516
Depreciation and amortisation	(2,419)		(2,419)		(2,419)
EBIT	21,891	110	22,001	(4,904)	17,097
Finance income	88		88		88
Finance costs	(425)		(425)		(425)
Net finance costs	(337)	-	(337)	-	(337)
Profit / (loss) before Tax	21,554	110	21,664	(4,904)	16,760
Income tax (expense) / credit	(5,819)	(31)	(5,850)	1,373	(4,477)
Net Profit / (loss) for the Year	15,735	79	15,814	(3,531)	12,283

APPENDIX – 1H17 RECONCILIATION BETWEEN GAAP RESULTS AND PRO FORMA FINANCIALS

1H17	GAAP Financial Statements	Non-recurring or infrequent items			Structural Listed company capital structure	Pro Forma Historical Information	Fair Value Adjustments	Pro Forma Operating Financial Information
		IPO Transaction Costs	Marlborough salmon relocation costs	Interest Swap Closeout costs				
NZD 000s								
Revenue	63,626					63,626		63,626
Cost of goods sold	(59,239)					(59,239)	17,336	(41,903)
Fair value gain / (loss) on biological transformation	28,722					28,722	(28,722)	-
Freight costs to market	(6,077)					(6,077)		(6,077)
Gross Profit	27,032	-	-	-	-	27,032	(11,386)	15,646
Other operating income	738					738		738
Overheads								
Sales, marketing and advertising	(4,012)					(4,012)		(4,012)
Distribution overheads	(1,436)					(1,436)		(1,436)
Corporate expenses	(3,513)					(3,513)		(3,513)
Other expenses	(2,621)	1,970	492			(159)		(159)
EBITDA	16,188	1,970	492	-	-	18,650	(11,386)	7,264
Depreciation and amortisation	(2,106)					(2,106)		(2,106)
EBIT	14,082	1,970	492	-	-	16,544	(11,386)	5,158
Finance income	86					86		86
Finance costs	(1,572)			458	466	(648)		(648)
Net finance costs	(1,486)	-	-	458	466	(562)	-	(562)
Profit / (loss) before Tax	12,596	1,970	492	458	466	15,982	(11,386)	4,596
Income tax (expense) / credit	(3,891)	-	(138)	(128)	(130)	(4,287)	3,188	(1,099)
Net Profit / (loss) for the Year	8,705	1,970	354	330	336	11,695	(8,198)	3,497

APPENDIX – GLOSSARY OF TERMS

1H18	Financial results for the first half of the 2018 financial year covering the period 1 July 2017 to 31 December 2017
2H18	Forecast second half (six month) results for the 2018 financial year covering the period 1 January 2018 to 30 June 2018
CAGR	Compounding annual growth rate
EBITDA	Earnings before interest, tax, depreciation and amortisation
FCR	Feed Conversion Ratio – the amount of feed (in kilograms) required to raise fish weight by 1 kilogram.
G&G	Gilled and gutted. Note that all volumetric information presented is on a gilled and gutted basis unless otherwise stated
GAAP	Generally Accepted Accounting Practice
Mortality / Mortality Rate	The percentage mortality of salmon in seawater, calculated as the biomass of salmon mortalities in kg divided by the growth of salmon in kg
MT	Metric tonnes
NPAT	Net profit after tax, also reported as net profit for the period in our published financial results
PDS	New Zealand King Salmon's Product Disclosure Statement dated 23 September 2016
NZKS	New Zealand King Salmon
PFI	New Zealand King Salmon's prospective financial information published at the time of our IPO in September 2016
Pro Forma Operating EBITDA	Pro Forma Operating EBITDA refers to earnings before interest, tax, depreciation, amortisation after allowing for pro forma adjustments as described in the Appendix to this document. Pro Forma Operating EBITDA is a non-GAAP profit measure

DISCLAIMER

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This presentation may contain projections or forward-looking statements regarding a variety of items. Such projections or forward-looking statements are based on current expectations, estimates and assumptions and are subject to a number of risks, uncertainties and assumptions. There is no assurance that results contemplated in any projections and forward-looking statements in this presentation will be realised. Actual results may differ materially from those projected in this presentation. No person is under any obligation to update this presentation at any time after its release to you or to provide you with further information about New Zealand King Salmon Investments Limited.

Our results are reported under NZ IFRS. This presentation includes non-GAAP financial measures which are not prepared in accordance with NZ IFRS. The non-GAAP financial measures used in this presentation include:

- EBITDA. We calculate EBITDA by adding back (or deducting) depreciation, amortisation, finance expense / (income), and taxation expense to net earnings / (loss) from continuing operations.
- EBIT. We calculate EBIT by adding back (or deducting) finance expense / (income), and taxation expense to net earnings / (loss) from continuing operations.
- Pro Forma Operating EBITDA refers to earnings before interest, tax, depreciation and amortisation after allowing for pro forma adjustments as described in the Appendix to this document.

We believe that these non-GAAP financial measures provide useful information to readers to assist in the understanding of our financial performance, financial position or returns, but that they should not be viewed in isolation, nor considered as a substitute for measures reported in accordance with NZ IFRS. Non-GAAP financial measures may not be comparable to similarly titled amounts reported by other companies.

Forward-looking statements are subject to any material adverse events, significant one-off expenses or other unforeseeable circumstances.

The information in this presentation is of a general nature and does not constitute financial product advice, investment advice or any recommendation. Nothing in this presentation constitutes legal, financial, tax or other advice.



New Zealand King Salmon

1H18 HALF YEAR RESULTS



**NEW ZEALAND KING SALMON INVESTMENTS LIMITED AND
SUBSIDIARIES**

**INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2017**

CONTENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2017

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NEW ZEALAND KING SALMON INVESTMENTS LIMITED AND SUBSIDIARIES

CORPORATE INFORMATION

Board of Directors

<i>Director</i>	<i>Position</i>	<i>Appointment Date</i>
John William Dudley Ryder	Independent Non-Executive Chairman	21 September 2016
Grantley Bruce Rosewarne	Chief Executive Officer and Managing Director	21 September 2016
Mark Robert Hutton	Independent Non-Executive Director	21 September 2016
Jack Lee Porus	Non-Executive Director	7 November 2017
Paul James Steere	Independent Non-Executive Director	7 November 2017
Thomas Chai Leng Song	Non-Executive Director	21 September 2016
Xin Wang	Non-Executive Director	7 November 2017

Other Corporate Information

<i>Registered Office</i>	<i>Principal Place of Business</i>
93 Beatty Street Annesbrook Nelson New Zealand	93 Beatty Street Annesbrook Nelson New Zealand

Bankers

The Bank of New Zealand
81 Riccarton Road
Christchurch
New Zealand

Solicitors

Chapman Tripp
Level 35
23 Albert Street
Auckland
New Zealand

Auditors

Ernst & Young (EY)
Level 4/93
Cambridge Terrace
Christchurch
New Zealand

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 31 DECEMBER 2017

		UNAUDITED 31 Dec 2017 \$000	UNAUDITED 31 Dec 2016 \$000
	Note		
Revenue	4	87,688	63,626
Cost of goods sold		(76,244)	(59,239)
Fair value gain on biological transformation		31,204	28,722
Freight costs to market		(8,222)	(6,077)
Gross profit		34,426	27,032
Other income		1,500	738
Sales, marketing and advertising expenses		(5,863)	(4,012)
Distribution overheads		(1,593)	(1,436)
Corporate expenses		(4,048)	(3,513)
Other expenses		(112)	(2,621)
Earnings before interest, tax, depreciation and amortisation		24,310	16,188
Depreciation and amortisation expense		(2,419)	(2,106)
Finance income		88	86
Finance expenses		(425)	(1,572)
Profit before tax		21,554	12,596
Income tax expense		(5,819)	(3,891)
Net profit after tax		15,735	8,705
Other comprehensive income			
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods (net of tax):</i>			
Exchange differences on translation of foreign operations		87	(28)
Net movement on cash flow hedges		1,032	1,813
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods (net of tax):</i>			
Share based payment expense		121	41
Net other comprehensive income		1,240	1,826
Total comprehensive income		16,975	10,531
Earnings per share			
Basic earnings per share	5	\$ 0.11	\$ 0.07
Diluted earnings per share	5	\$ 0.11	\$ 0.07

The above interim consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2017

		UNAUDITED 31 Dec 2017 \$000	AUDITED 30 Jun 2017 \$000
ASSETS	Note		
Current assets			
Cash and cash equivalents		15,529	10,647
Trade and other receivables		19,299	11,688
Inventories	6	18,522	16,674
Biological assets	7	74,454	68,556
Non-current assets held for sale		421	421
Other financial assets	12	1	-
Derivative financial assets	9	2,182	2,066
Total current assets		130,408	110,052
Non-current assets			
Property, plant and equipment		38,671	35,726
Biological assets	7	9,126	10,960
Derivative financial assets	9	4,032	3,196
Deferred tax asset		1,761	1,636
Intangible assets		3,598	3,687
Goodwill		39,255	39,255
Total non-current assets		96,443	94,460
TOTAL ASSETS		226,851	204,512
LIABILITIES			
Current liabilities			
Trade and other payables		18,790	13,282
Employee benefits		2,974	3,028
Borrowings	8	1,513	414
Other financial liabilities	12	46	18
Derivative financial liabilities	9	906	1,277
Taxation payable		4,240	2,285
Total current liabilities		28,469	20,304
Non-current liabilities			
Employee benefits		464	451
Borrowings	8	10,016	10,124
Deferred tax liabilities		15,621	14,010
Derivative financial liabilities	9	827	948
Total non-current liabilities		26,928	25,533
TOTAL LIABILITIES		55,397	45,837
NET ASSETS		171,454	158,675
EQUITY			
Share capital	11	122,574	122,518
Reserves		3,035	1,795
Retained earnings		45,845	34,362
TOTAL EQUITY		171,454	158,675
Net tangible assets per share			
Net tangible assets per share		\$ 1.31	\$ 1.15

For and on behalf of the Board, who authorised the issue of these financial statements on 28 February 2018.

Director

28 February 2018

Director

28 February 2018

The above interim consolidated statement of financial position should be read in conjunction with the accompanying notes.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 31 DECEMBER 2017

	Share Capital \$000	Foreign Currency Translation Reserve \$000	Hedge Reserve \$000	Share Based Payment Reserve \$000	Retained Earnings \$000	Total Equity \$000
UNAUDITED						
Balance as at 1 July 2017	122,518	(515)	2,168	142	34,362	158,675
Profit for the period	-	-	-	-	15,735	15,735
Other comprehensive income/(loss)	-	87	1,032	121	-	1,240
Total comprehensive income/(loss) for the period	-	87	1,032	121	15,735	16,975
Dividend paid	-	-	-	-	(4,252)	(4,252)
Employee share scheme loans repaid	56	-	-	-	-	56
Balance as at 31 December 2017	122,574	(428)	3,200	263	45,845	171,454
UNAUDITED						
Balance as at 1 July 2016	25,296	(527)	(2,195)	-	14,440	37,014
Profit for the period	-	-	-	-	8,705	8,705
Other comprehensive income/(loss)	-	(28)	1,813	41	-	1,826
Total comprehensive income/(loss) for the period	-	(28)	1,813	41	8,705	10,531
Increase in share capital in preparation for IPO	68,914	-	-	-	-	68,914
Shares issued	30,105	-	-	-	-	30,105
Transaction costs arising on share issue	(1,797)	-	-	-	-	(1,797)
Balance as at 31 December 2016	122,518	(555)	(382)	41	23,145	144,767

The above interim consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2017

	UNAUDITED 31 Dec 2017	UNAUDITED 31 Dec 2016
	\$000	\$000
Operating activities		
Receipts from customers	82,464	59,744
Payments to suppliers	(49,263)	(43,033)
Payments to employees	(17,329)	(15,189)
Interest received	80	78
Interest paid	(293)	(1,052)
Insurance and settlement income	-	214
Other income received	1,352	-
Income tax paid	(2,783)	(1,741)
Net cash flows from operating activities	14,228	(979)
Investing activities		
Proceeds from sale of property, plant and equipment	-	10
Purchase of property, plant and equipment	(5,263)	(3,696)
Purchase of intangible assets	(14)	(49)
Net cash flow from investing activities	(5,277)	(3,735)
Financing activities		
Repayment of revolving loan	-	(9,000)
Government grants received	147	-
Gross proceeds from share issue	-	30,105
Transaction costs arising from share issue	-	(1,797)
Proceeds from shareholder advances	-	1,402
Repayment of shareholder advances	-	(7,651)
Payment of finance lease liabilities	(50)	(70)
Employee share scheme loans repaid	57	-
Dividends received on behalf of Custodian Holders	28	-
Dividends paid	(4,252)	-
Net cash flows from financing activities	(4,070)	12,989
Net increase in cash and cash equivalents	4,881	8,275
Cash and cash equivalents at 1 July	10,648	2,419
Cash and cash equivalents at 31 December	15,529	10,694

The above interim consolidated statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2017

1. CORPORATE INFORMATION

The interim financial statements of New Zealand King Salmon Investments Limited (the Company) and its subsidiaries (together the Group) for the six months ended 31 December 2017 were authorised by the Directors on 28 February 2018.

New Zealand King Salmon Investments Limited is a profit-orientated company incorporated and domiciled in New Zealand. The Company is registered under the Companies Act 1993 and listed on the NZX Main Board ("NZX") and the Australian Securities Exchange ("ASX"). The Company is an FMC reporting entity under the Financial Markets Conduct Act 2013 and the Financial Reporting Act 2013.

The interim consolidated financial statements are for the six months ended 31 December 2017 and have been prepared in accordance with NZ GAAP. New Zealand King Salmon Investments Limited is a profit-orientated entity.

The Group is principally engaged in the farming, processing and sale of premium salmon products.

2. BASIS OF PREPARATION

a. Statement of compliance

The interim consolidated financial statements for the six months ended 31 December 2017 have been prepared in accordance with NZ IAS 34 - Interim Financial Reporting and IAS 34 Interim Financial Reporting, and should be read in conjunction with the annual financial statements as at 30 June 2017 which were prepared in accordance with NZ IFRS and IFRS.

The interim consolidated financial statements for the six months ended 31 December 2017 are unaudited. Comparative information for the interim consolidated statement of financial position is at 30 June 2017 and is audited. Comparative information for the interim consolidated statement of comprehensive income, statement of interim consolidated changes in equity and interim consolidated statement of cash flows is for the comparative six month period and is unaudited.

b. Basis of measurement

The accounting policies adopted in the interim financial statements are consistent with those applied in the annual financial statements as at 30 June 2017.

c. Significant accounting judgements, estimates and assumptions

Management have applied the same principles and used the same key sources of estimation in the preparation of the interim financial statements as those applied to in the consolidated financial statements for the year ended 30 June 2017.

3. SEASONALITY

The Group's business is not considered to be highly seasonal. Sales and related costs vary from month to month with overall variation considered to be immaterial.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2017

4. SEGMENT INFORMATION

Segment results

For management purposes, the Group is organised into three business units based on geographical sales market and customer channel. The operating results of the business units are monitored for the purpose of making decisions about resource allocation and performance assessment.

The Group's reportable segments are:

New Zealand Retail	The company provides these customers with pre-packed value added products (including wood roasted and cold smoked product), whole fresh fish and pre-cut fillets.
New Zealand Foodservice	The company provides these customers with a broad variety of salmon products including whole fresh fish, pre-cut fillets, portions and a range of smoked products.
Export	Predominantly customers based outside New Zealand most of whom currently fall into the Foodservice category as described above.

Segment performance is evaluated at the EBITDA level and results are as follows:

	New Zealand Retail \$000	New Zealand Foodservice \$000	Export Market \$000	Total \$000
UNAUDITED				
Six months ended 31 Dec 2017				
Revenue	22,985	20,752	43,951	87,688
Segment EBITDA	4,728	5,989	13,593	24,310
UNAUDITED				
Six months ended 31 Dec 2016				
Revenue	17,136	19,490	27,000	63,626
Segment EBITDA	3,944	5,231	7,013	16,188

Depreciation, amortisation, finance income and costs, and fair value gains and losses on financial assets are not allocated to individual segments as the underlying instruments are managed on a group basis.

Segment profit reconciles to profit before income tax as follows:

	UNAUDITED 31 Dec 2017 \$000	UNAUDITED 31 Dec 2016 \$000
Segment profit	24,310	16,188
Depreciation, amortisation and impairment	(2,419)	(2,106)
Net finance costs	(337)	(1,486)
Group profit before tax	21,554	12,596

The Group does not prepare information allocating assets and liabilities to the market facing segments as all material assets and liabilities are managed on a group basis.

	UNAUDITED 31 Dec 2017 \$000	UNAUDITED 31 Dec 2016 \$000
Revenue by geographical location of customers		
New Zealand	43,736	36,626
North America	25,636	14,229
Australia	6,675	6,249
Japan	5,683	2,687
Europe	1,311	946
Other	4,647	2,889
Total revenue	87,688	63,626

Sales net of settlement discounts to two major customer for the period ended December 2017 totalled \$18,842k or 22% of total sales (December 2016 one major customer accounted for \$8,516k or 13%). In both years, these customers were included in the New Zealand Retail segment.

5. EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing the profit for the year attributable to shareholders of the Company by the weighted average number of ordinary shares on issue during the year. Diluted earnings per share assume conversion of all potential ordinary shares in determining the weighted average number of ordinary shares on issue.

	UNAUDITED 31 Dec 2017 \$000	UNAUDITED 31 Dec 2016 \$000
Earnings per share		
Profit attributable to ordinary equity holders	15,735	8,705
	# of Shares 000	# of Shares 000
Weighted average number of ordinary shares for diluted earnings per share	138,320	121,439
Basic earnings per share	\$ 0.11	\$ 0.07
Diluted earnings per share	\$ 0.11	\$ 0.07

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2017

6. INVENTORIES

	UNAUDITED 31 Dec 2017 \$000	AUDITED 30 Jun 2017 \$000
Inventories		
Raw materials	12,593	9,525
Work in progress	141	-
Finished goods	5,788	7,149
Total inventories	18,522	16,674
	UNAUDITED 31 Dec 2017 \$000	UNAUDITED 31 Dec 2016 \$000
Amount of inventories recognised as an expense in the statement of comprehensive income		
Cost of inventories recognised as an expense	76,614	59,596
Movement in net realisable value of inventory decrease	(370)	(357)
Total cost of goods sold	76,244	59,239

The cost of inventories recognised as an expense for the period ended December 2017 includes a fair value uplift at point of harvest of \$26,456k (December 2016: \$17,688k).

7. BIOLOGICAL ASSETS

The Group has three hatcheries in the South Island and eight operational marine salmon farms in the Marlborough Sounds. The fish livestock typically grow for up to 31 months before harvest.

UNAUDITED	Cost \$000	Fair value \$000	Total \$000
Biological assets			
As at 1 July 2017	45,088	34,428	79,516
Increase due to biological transformation ¹	34,408	27,039	61,447
Decrease due to harvest ²	(32,138)	(26,456)	(58,594)
Decrease due to mortality ³	(2,954)	-	(2,954)
Changes in fair value ⁴	-	4,165	4,165
As at 31 December 2017	44,404	39,176	83,580

¹ Biological transformation fair value is impacted by volume increases (net of mortalities) and fish size at reporting date relative to the target harvest weight of 4 kgs (proportional recognition).

² Harvested fair value is included under cost of goods sold in the statement of comprehensive income and is calculated by multiplying the current years harvest (biomass) by the prior years expected gross margin per kg (recognised at 100%).

³ Mortality cost is expensed directly to the statement of comprehensive income in the period which it occurs.

⁴ Changes in fair value are impacted by movements in margin primarily being changes in sales price and costs to sell (fish cost, harvest, processing and freight to market).

AUDITED	Cost \$000	Fair value \$000	Total \$000
Biological assets			
As at 1 July 2016	36,348	16,602	52,950
Increase due to biological transformation	70,330	50,606	120,936
Decrease due to harvest	(56,346)	(37,019)	(93,365)
Decrease due to mortality	(5,244)	-	(5,244)
Changes in fair value	-	4,239	4,239
As at 30 June 2017	45,088	34,428	79,516

	UNAUDITED 31 Dec 2017 \$000	UNAUDITED 31 Dec 2016 \$000
Fair value gain / (loss) recognised in profit and loss		
Gain arising from growth of biological assets	27,039	27,992
Movement in fair value of biological assets	4,165	730
Total fair value gain on biological transformation	31,204	28,722

	UNAUDITED 31 Dec 2017 kg 000	AUDITED 30 Jun 2017 kg 000
Estimated closing biomass		
Closing fresh water stocks	158	142
Closing seawater stocks	6,526	6,085
Total estimated closing biomass live weight	6,684	6,227

	UNAUDITED 31 Dec 2017 kg 000	UNAUDITED 31 Dec 2016 kg 000
Live weight harvested for the period (metric tonnes)	5,027	3,861

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2017

BIOLOGICAL ASSETS (continued)

Fair value measurement

Measurement of fair value is performed using a fair value model. The method of valuation therefore falls into level 3 of the fair value hierarchy as the inputs are unobservable inputs.

The valuation of biological assets is carried out separately for each site at a brood and strategy level. Estimated actual cost up to the date of harvest per site is used to measure the expected margin at the time the fish is defined as ready for harvest, being 4.0kg live weight. Selling price is estimated at balance date based on the most relevant future market price at expected harvest date. The expected gross margin is recognised proportionately based on average biomass at reporting date. Fair value measurement commences at the date of transfer to sea water as this is considered the point at which the fish commence their grow out cycle.

Fair value risk and sensitivity

The Group is exposed to financial risks relating to the production of salmon stocks including climatic events, disease and contamination of water space.

The Group seeks to produce and market the highest quality salmon products. Extensive monitoring and benchmarking is carried out to provide optimum conditions and diets to maximise fish performance during the grow out cycle. Sales are maintained in a range of brands, products and markets to maximise returns from the quality mix of fish harvested.

The estimate of unrealised fair value gain from cost is based on several assumptions. Changes in these assumptions will impact the fair value calculation. The realised profit which is achieved on the sale of inventory will differ from the calculations of fair value of biological assets because of changes in key factors such as the final market destinations of inventory sold, changes in price, foreign exchange rates, harvest weight, growth rates, mortality, cost levels and differences in harvested fish quality.

Leaving all other variables constant a 5.0% increase/decrease in estimated average future sales prices would have increased/decreased the fair value of biological assets on hand at balance date and profit before tax by \$5.9m (excludes the impact of finished goods), while a 5.0% increase/decrease in future harvest volume would increase/decrease the fair value of biological assets on hand and profit before tax by \$2.0m.

A 5% increase/decrease in estimated future costs to sell would increase/decrease the fair value of biological assets on hand at balance date and profit before tax by \$4.0m. Changes in fish health and environmental factors may affect the quality of harvested fish, which may be reflected in realised profit via both achieved sales price and production costs.

8. INTEREST BEARING LOANS AND BORROWINGS

	UNAUDITED 31 Dec 2017	AUDITED 30 Jun 2017
	\$000	\$000
Current interest bearing loans and borrowings		
Finance lease liabilities	201	144
Other borrowings	1,312	270
Total current interest bearing loans and borrowings	1,513	414
Non-current interest bearing loans and borrowings		
Finance lease liabilities	16	124
Secured bank loans	10,000	10,000
Total non-current interest bearing loans and borrowings	10,016	10,124

The Company has facilities with BNZ for \$30m, secured by a general security deed over the assets of the Group. The expiry date of facility A of \$18m is 25 November 2020, and facility B of \$12m expires on 18 October 2019. At balance date \$10m of facility A was drawn (June 2017: \$10m).

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2017

9. FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying value of cash and short term deposits, trade receivables, trade payables and other current liabilities is considered a reasonable approximation to their fair value due to the short term maturities of these instruments.

The carrying value of the BNZ loan drawing of \$10m is considered a reasonable approximation of its fair value due to the short term maturities of the drawings. New Zealand King Salmon Investments has the discretion to roll these short term drawings out to 2020.

The following financial instruments of the Group are carried at fair value:

	UNAUDITED 31 Dec 2017	AUDITED 30 Jun 2017
	\$000	\$000
Current derivative financial assets		
Forward exchange contracts	1,763	1,776
Foreign exchange options	419	290
Total Current derivative financial assets	2,182	2,066
Non-current derivative financial assets		
Forward exchange contracts	2,256	1,882
Foreign exchange options	1,776	1,314
Total Non-current derivative financial assets	4,032	3,196
Current derivative financial liabilities		
Forward exchange contracts	9	519
Foreign exchange options	53	24
Interest rate swaps	844	734
Total Current derivative financial liabilities	906	1,277
Non-current derivative financial liabilities		
Forward exchange contracts	-	451
Foreign exchange options	642	307
Interest rate swaps	185	190
Total non-current derivative financial liabilities	827	948

The carrying value of obligations under financial leases differs from fair value as follows:

	UNAUDITED As at 31 Dec 2017		AUDITED As at 30 Jun 2017	
	Carrying amount	Fair value	Carrying amount	Fair value
	\$000	\$000	\$000	\$000
Obligations under finance leases	217	200	267	233
Total obligations under finance leases	217	200	267	233

Valuation methods

Financial instruments have been categorised into the following hierarchy and valued according to the following definitions, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1: Quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3: Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs)

All derivative financial instruments for which a fair value is recognised have been categorised within level 2 of the fair value hierarchy. Industry experts have provided the fair values for all derivatives based on an industry standard model.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2017

10. COMMITMENTS AND CONTINGENCIES

UNAUDITED

Capital commitments

The Group has entered into an agreement to purchase plant and equipment. As at 31 December 2017 the total commitment is \$1,720k (June 2017: \$1,137k).

Contingencies

The Group has a contingent liability of \$1,018k in respect of a fish transport contract requiring the Group to purchase three bulk tankers (including modifications made in 2017), should the fish transport contract be terminated early (June 2017: \$995k).

11. CAPITAL AND RESERVES

	UNAUDITED 31 Dec 2017	AUDITED 30 Jun 2017
Share capital		
Issued shares	000	000
Ordinary shares	138,475	138,158
Total issued shares	138,475	138,158

Ordinary shares are fully paid with no par value. Each ordinary share has an equal right to vote, to participate in dividends, and to share in any surplus on winding up of the Company. Dividends paid during the period ended December 2017 consisted of a fully imputed final dividend of \$0.02 per share and a fully imputed special dividend of \$0.01 paid on 18 September 2017 (December 2016: nil).

	# of Shares		Share Capital	
	UNAUDITED 31 Dec 2017	AUDITED 30 Jun 2017	UNAUDITED 31 Dec 2017	AUDITED 30 Jun 2017
	000	000	\$000	\$000
Movement in ordinary share capital				
As at 1 July	138,158	25,295	122,518	25,296
Shareholder loans converted to share capital	-	26,941	-	70,202
Shares issued by way of 2.11 to 1 share split	-	57,955	-	-
Issue of new shares pursuant to IPO	-	26,786	-	30,000
Transactional costs arising on share issue	-	-	-	(1,797)
Employee offer pursuant to IPO	-	1,181	-	1,322
Employee share scheme loans repaid	-	-	56	-
Share issue for employee share scheme	317	-	-	(2,505)
As at 31 December or 30 June	138,475	138,158	122,574	122,518

Reserves

Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange difference arising from the translation of the financial statements of the foreign subsidiary.

Hedge reserve

The hedge reserve represents the unrealised gains and losses on interest rate swaps and foreign currency forward contracts that the Group has taken out in order to mitigate interest rate and foreign currency risks, net of deferred tax.

Share based payment reserve

The share based payment reserve relates to two long term incentive (LTI) schemes and an employee share ownership scheme. All of these schemes involve the Company making interest-free limited recourse loans to selected personnel to acquire shares in the Company. The employees must remain in employment for the duration of the vesting or escrow periods before the employees receive the full benefit of share ownership.

The senior leadership LTI scheme was established prior to the IPO and relates to 3,176,878 shares in the Company. The ordinary shares in the Company are security for the interest-free limited recourse loans and are held in escrow until after the financial results have been announced for the year ending 30 June 2018. Loans relating to 114,714 shares were repaid during the period.

The senior executive LTI scheme was established at the time of the IPO with 993,671 ordinary shares in the Company being issued at an issue price of \$1.12 per share. The ordinary shares in the Company are security for the interest-free limited recourse loans, are held by a Custodian and will vest three years from the granting date of 19 October 2016. During the period, 164,548 of these shares were forfeited. On 29 September 2017 a further 317,215 shares were issued, being 270,274 shares issued to existing senior executive shareholders at an issue price of \$1.22 per share, and 47,241 shares issued to new senior executive shareholders at an issue price of \$1.77 per share. These shares will also vest three years from the granting date. The price to be paid for each share is the issue price at granting date, reduced by any dividends that are applied to the interest-free limited recourse loans. No shares vested or expired during the period.

The employee share ownership scheme was established at the time of the IPO and relates to 187,076 ordinary shares in the Company. The ordinary shares in the Company are security for the interest-free limited recourse loans which may remain in place whilst the holder is in employment with the Company. Loans relating to 20,538 shares were repaid during the period by employees leaving the Company.

Retained earnings

Retained earnings represents the profits retained in the business.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2017

12. RELATED PARTY DISCLOSURES

Subsidiaries

New Zealand King Salmon Investments Limited has the following trading subsidiaries.

<i>Subsidiary</i>	<i>Company of Incorporation</i>	<i>Equity Interest</i>
The New Zealand King Salmon Co Limited	New Zealand	100%
The New Zealand King Salmon Pty Limited	Australia	100%
New Zealand King Salmon Exports Limited	New Zealand	100%
New Zealand King Salmon USA Inc.	United States of America	100%

The principal activity of The New Zealand King Salmon Co Ltd is the farming and processing of salmon. The activity of The New Zealand King Salmon Pty Ltd is the distribution of salmon.

At balance date Oregon Group Limited owned 40.17% (30 June 2017: 40.3%) of the shares in New Zealand King Salmon Investments Limited.

Transactions with related parties

Sales to and purchases from related parties are made in arm's length transactions both at normal market prices and on normal commercial terms. The following provides the total amount of transactions that were entered into with related parties for the relevant financial year:

	UNAUDITED 31 Dec 2017 \$000	UNAUDITED 31 Dec 2016 \$000
Related party payments		
Interest paid - Oregon Group Limited	-	272
Interest paid - Other shareholders	-	194
Good and services purchased from other related parties	4	1
Total related party payments	4	467
Related party sales		
Goods and services sold to related parties	(550)	(431)
Total related party sales	(550)	(431)

Sales to and purchases from related parties are made in arm's length transactions, both at normal market prices and on normal commercial terms.

	UNAUDITED 31 Dec 2017 \$000	AUDITED 30 Jun 2017 \$000
Amounts owing to related parties		
Current amounts owing to related parties		
Other amounts owing to related parties	46	18
Total current amounts owing to related parties	46	18

	UNAUDITED 31 Dec 2017 \$000	AUDITED 30 Jun 2017 \$000
Amounts owing by related parties		
Amounts owing by related parties	57	94
Total amounts owing by related parties	57	94

	UNAUDITED 31 Dec 2017 \$000	UNAUDITED 31 Dec 2016 \$000
Compensation of key management personnel of the Group		
Key management personnel compensation		
Short-term employee benefits	1,372	1,390
Share based payment expense	121	41
Post employment pension and medical benefits	75	55
Total key management personnel compensation	1,568	1,486

13. EVENTS AFTER BALANCE DATE

The Ministry for Primary Industries initiated a process which may result in a swap of certain water space licences for alternative water space which remains ongoing at the date of completing these financial statements. On 14 February 2018 the Marlborough Salmon Farm Relocations Advisory Panel report to the previous Minister for Primary Industries was made publicly available by the Minister of Fisheries. The Minister has indicated that he will consider the report and will take some months to issue a decision. The outcome of this process could create significant changes to the Group's operations in future.

Subsequent to the end of the period there has been significantly lower than normal fish survival rates at sea farms for this time of year. The abnormal survival rates are expected to continue in the short term, and are expected to return to normal historical survival rates as the extraordinarily high summer temperatures return towards normal temperatures. These are considered non-adjusting subsequent events. The financial effect of these events cannot be reliably estimated, as it is highly dependent on a range of future impacts including sales prices, product mix, harvest volume, mortality and harvested fish cost.

Review Report to the Shareholders of New Zealand King Salmon Investments Limited ("the company") and its subsidiaries (together "the group")

We have reviewed the interim financial statements on pages 2 to 12, which comprise the statement of financial position of the group as at 31 December 2017, and the statement of comprehensive income, statement of changes in equity and statement of cash flows of the group for the six month period ended on that date, and a summary of significant accounting policies and other explanatory information.

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

Directors' Responsibilities

The directors are responsible for the preparation and fair presentation of interim financial statements which comply with New Zealand Equivalent to International Accounting Standard 34: *Interim Financial Reporting* and for such internal control as the directors determine is necessary to enable the preparation and fair presentation of the interim financial statements that are free from material misstatement, whether due to fraud or error.

Reviewer's Responsibilities

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

Basis of Statement

A review of interim financial statements in accordance with NZ SRE 2410 is a limited assurance engagement. The auditor performs procedures, primarily consisting of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

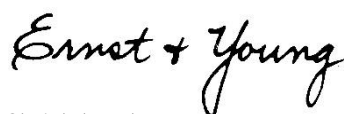
The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (New Zealand). Accordingly we do not express an audit opinion on those financial statements.

We provide taxation advice to the group. We have no other relationship with, or interest in, the group.

Conclusion

Based on our review nothing has come to our attention that causes us to believe that the accompanying interim financial statements, set out on pages 2 to 12, do not present fairly, in all material respects, the financial position of the group as at 31 December 2017 and its financial performance and cash flows for the six month period ended on that date in accordance with New Zealand Equivalent to International Accounting Standard 34: *Interim Financial Reporting*.

Our review was completed on 28 February 2018 and our findings are expressed as at that date.



Christchurch

New Zealand King Salmon Investments Limited	
NZX Appendix 1	
Results for announcement to the market	
Reporting Period	6 months to 31 December 2017
Previous Reporting Period	6 months to 31 December 2016

	6 months ended 31 December 2017 \$'000	6 months ended 31 December 2016 \$'000	Percentage change
Revenue from ordinary activities	\$NZ87,688	\$NZ63,626	37.8%
Profit (loss) from ordinary activities after tax attributable to security holder	\$NZ15,735	\$NZ8,705	80.8%
Net profit (loss) attributable to security holders	\$NZ15,735	\$NZ8,705	80.8%

Dividend to shareholders		Amount per share	Imputed amount per share
Interim – 2017 Financial Year		\$0.020	\$0.007780
Record Date	15 March 2018		
Dividend Payment Date	23 March 2018		

Net Tangible Assets	31 December 2017	31 December 2016
Number of Shares	138,475,358	138,157,843
Net Tangible Assets per share	\$1.31	\$1.15

Audit	The interim financial statements attached to this report have not been audited.
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Comments:	Please refer to the attached report for commentary on the results.
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Notice of event affecting securities

NZSX Listing Rule 7.12.2. For rights, NZSX Listing Rules 7.10.9 and 7.10.10.
For change to allotment, NZSX Listing Rule 7.12.1, a separate advice is required.

Number of pages including this one
(Please provide any other relevant
details on additional pages)

1

Full name of Issuer	New Zealand King Salmon Investments Limited		
Name of officer authorised to make this notice	Andrew Clark	Authority for event, e.g. Directors' resolution	Directors' resolution
Contact phone number	03 548 5714	Contact fax number	03 538 0874
		Date	28 / 02 / 2018

Nature of event Tick as appropriate	Bonus Issue <input type="checkbox"/>	If ticked, state whether: Taxable <input type="checkbox"/> / Non Taxable <input type="checkbox"/>	Conversion <input type="checkbox"/>	Interest <input type="checkbox"/>	Rights Issue Renounceable <input type="checkbox"/>
	Rights Issue non-renounceable <input type="checkbox"/>	Capital change <input type="checkbox"/> Call <input type="checkbox"/> Dividend <input checked="" type="checkbox"/>	If ticked, state whether: Interim <input checked="" type="checkbox"/> Full Year <input type="checkbox"/>	Special <input type="checkbox"/>	DRP Applies <input type="checkbox"/>

EXISTING securities affected by this

If more than one security is affected by the event, use a separate form.

Description of the class of securities	Ordinary Shares	ISIN	NZNZKE0003S0
			If unknown, contact NZX

Details of securities issued pursuant to this event

If more than one class of security is to be issued, use a separate form for each class.

Description of the class of securities		ISIN	
			If unknown, contact NZX
Number of Securities to be issued following event		Minimum Entitlement	
Conversion, Maturity, Call Payable or Exercise Date		Treatment of Fractions	
Strike price per security for any issue in lieu or date Strike Price available.		Enter N/A if not applicable	OR provide an explanation of the ranking

Monies Associated with Event

Dividend payable, Call payable, Exercise price, Conversion price, Redemption price, Application money.

In dollars and cents		Source of Payment	Retained Earnings
Amount per security (does not include any excluded income)	\$0.020		
Excluded income per security (only applicable to listed PIEs)			
Currency	NZ Dollars	Supplementary dividend details - NZSX Listing Rule 7.12.7	Amount per security in dollars and cents
Total monies	\$0.020		\$0.003529
		Date Payable	23 March, 2018

Taxation

Amount per Security in Dollars and cents to six decimal places

In the case of a taxable bonus issue state strike price	\$	Resident Withholding Tax	\$0.001389	Imputation Credits (Give details)	\$0.007778
		Foreign Withholding Tax	\$	FDP Credits (Give details)	

Timing

(Refer Appendix 8 in the NZSX Listing Rules)

Record Date 5pm

For calculation of entitlements -

15 March, 2018

Application Date

Also, Call Payable, Dividend / Interest Payable, Exercise Date, Conversion Date.

23 March, 2018

Notice Date

Entitlement letters, call notices, conversion notices mailed

Allotment Date

For the issue of new securities. Must be within 5 business days of application closing date.

OFFICE USE ONLY

Ex Date:
Commence Quoting Rights:
Cease Quoting Rights 5pm:
Commence Quoting New Securities:
Cease Quoting Old Security 5pm:

Security Code:

Security Code:

