



annual report

31 March 2011



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2011/2012 CALENDAR

Dividend Payable	24 June 2011
Annual Shareholders Meeting	7 July 2011, 10.30am at Ellerslie Event Centre, Auckland
June Quarter <i>Update</i> newsletter	July 2011
Warrant Exercise Date	23 August 2011
Dividend Payable	September 2011
Interim Period End	30 September 2011
Warrant Exercise Date	27 October 2011
Interim Report to 30 September 2011	November 2011
Dividend Payable	December 2011
December Quarter <i>Update</i> newsletter	January 2012
Warrant Exercise Date	24 January 2012
Dividend Payable	March 2012

ABOUT THE COMPANY

Kingfish Limited (“Kingfish” or “the Company”) is a listed investment Company that invests in New Zealand companies. The investment portfolio of Kingfish is managed by **Fisher Funds Management Limited** (“Fisher Funds” or “The Manager”), a specialist New Zealand investment manager. Kingfish was listed on the New Zealand Exchange in March 2004, and provides investors with an opportunity to invest in a diversified portfolio of investments through a single company. Kingfish may invest in companies that are listed on the NZSX, NZAX and 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;
- » Deliver investors a regular and growing income stream in the form of dividends; and
- » Provide a portfolio of securities that allows investors access to a number of growing companies through a single investment.

INVESTMENT APPROACH

The investment philosophy of the Manager is summarised by the following broad principles:

- » Buy and hold shares in companies for the medium to long term.
- » Invest in companies that have a proven track record of growing profits.
- » Invest as a long-term investor and sell only on the basis of a fundamental change in the original investment case. Such a fundamental change might be a new and unknown management team, the emergence of a new competitor, a change in industry dynamics, significant regulatory change or a diversification into a new business sector.
- » Focus on achieving an absolute return for shareholders, rather than outperforming an NZX market index.
- » Place significant emphasis on fundamental analysis – understanding the business, knowing the management and board, identifying a company’s sustainable competitive advantage.



DIRECTORS' OVERVIEW

Kingfish is an NZX-listed investment Company that seeks to provide its shareholders with a strong real rate of return by investing in a diversified portfolio of well-researched New Zealand companies.

In practice this means the Company seeks a robust total shareholder return (TSR) – a combination of capital growth and steady dividends. We focus on TSR because it reflects the actual benefits shareholders receive from investing in the Company.

Kingfish achieved its goal in the year to 31 March 2011, despite the headwinds of a difficult economy and a volatile share market. The Kingfish share price increased 5.5% (from 91 cents to 96 cents) and shareholders received 8.69 cents per share in dividends, amounting to a TSR of 16.3%* (see figure 1).

This is a strong performance especially when it is compared to the 5.3% rise of the NZX 50G index – the basket of shares representing New Zealand's 50 leading listed companies.

Since Kingfish was established at the start of 2004, it has provided a TSR of 34.2%, ahead of the 32.7% rise in the NZX 50G index over the same period.

Adjusted Net Asset Value (NAV)* per share – which more accurately reflects the underlying performance of the Kingfish investment portfolio – rose by 9.8% during the year and is now 52.3% higher than when the Company was first listed on the NZX.

Given the tough market conditions, the Board believes it is a creditable result that reflects the discipline the Kingfish manager, Fisher Funds, brings to stock selection and portfolio construction.

FINANCIAL PERFORMANCE

Kingfish made a net surplus of \$9.7m for the year ended 31 March 2011. In the year to 31 March 2010 it was \$24.5m. The surplus includes gains on investments of \$9.2m, dividend income of \$2.6m and interest income of \$0.3m.

Operating expenses rose from \$1,956,000 to \$2,134,000 due to general inflation, the increased

focus on Investor Relations (see below) and the issuance of new warrants.

CAPITAL MANAGEMENT

The Board is acutely aware shareholders have not enjoyed the full returns achieved by the Company's investments because its shares trade on the NZX at a price below the NAV per share of the Company's investment portfolio.

The Board is fully committed to continually seeking innovative ways to narrow this discount. Over the year, the discount to NAV, adjusted for the outstanding Kingfish warrants, narrowed from 18.5% to 10.5%. The achievement reflected the renewal of the Company's share buyback programme and the continuation of our quarterly dividend policy, which provides a regular and reliable quarterly income stream to shareholders. The appointment of an Investor Relations Manager to build the Company's profile and liaise with existing and prospective shareholders also helped.

DIVIDENDS

Kingfish paid a total of 8.69 cents per share in dividends during the year under its quarterly dividend policy. This equates to an exceptional gross yield of over 10.5%, and one that is better than all but one of the companies in the NZX 50 index of leading shares (see figure 2).

On 20 May 2011, Directors announced a first quarter 2012 dividend of 2.26 cents per share. This dividend is to be paid on 24 June 2011 with a record date of 10 June.

BOARD

In the Interim report to 30 September 2010, we informed investors of the appointment of James Miller and the retirement of our founding chairman Rob Challinor.

Since the publication of the Interim report, James

DIRECTORS' OVERVIEW CONTINUED

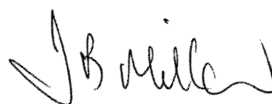
Miller has become the Chairman of the Board and more recently, the Board has announced the appointment of Mark Todd. Mark's extensive experience includes over 15 years as a specialist legal adviser to the funds management industry.

Ian Hendry has announced that he will retire as an Independent Director of Kingfish before the Annual Shareholders Meeting. The Board thank Mr Hendry for his significant contribution to the Board and his service as an inaugural director and wish him the best of luck in his future endeavours.

Kingfish has navigated the last year well and the Board believes the Company is well placed to deliver on its objectives in the year ahead and into the future.

A further update will be provided to shareholders at our Annual Shareholders Meeting to be held at the Ellerslie Event Centre on Thursday 7 July 2011. This meeting is usually well attended and we look forward to meeting those shareholders who are able to attend.

On behalf of the Board,



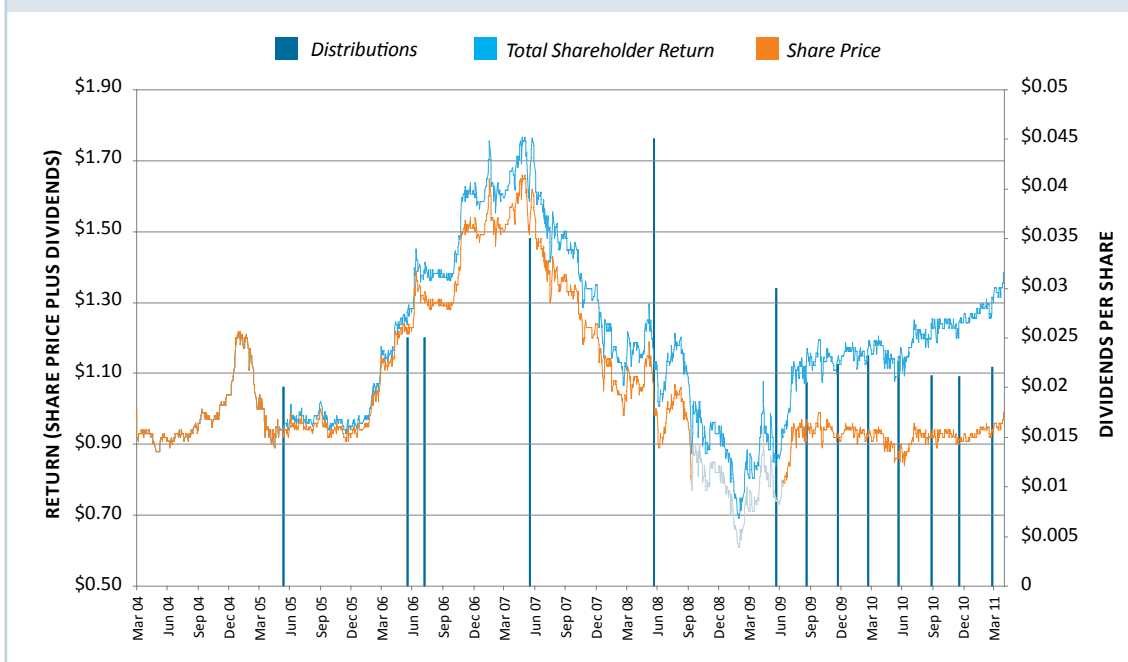
James Miller | CHAIRMAN

Kingfish Limited | 20 May 2011

**Assumes dividends are re-invested in Kingfish shares according to the terms of the Company's dividend re-investment plan.*

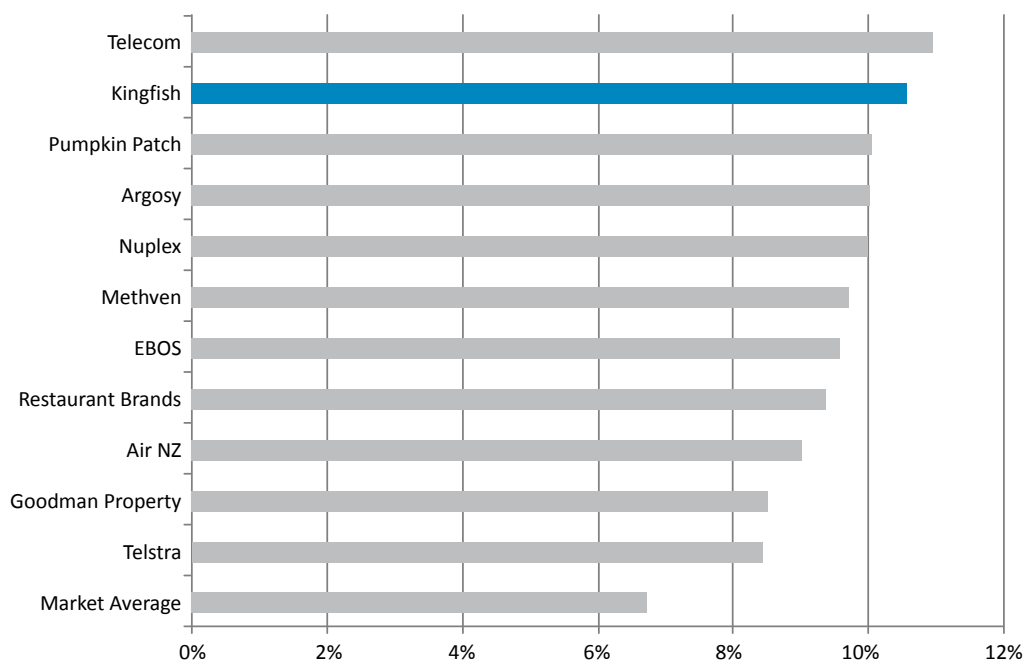
FIGURE 1 - TOTAL SHAREHOLDER RETURN

The below Total Shareholder Return graph assumes all dividends participate in the Dividend Reinvestment Plan:



DIRECTORS' OVERVIEW CONTINUED

FIGURE 2 - GROSS YIELD – KINGFISH V NZX50 TOP YIELDING STOCKS AS AT 31 MARCH 2011



(Source: Forsyth Barr research and Fisher Funds)

Figure 2 illustrates the projected gross dividend yield based on the gross dividends paid in the year to 31 March 2011 and the share price on that date. It therefore assumes that dividends paid will remain the same going forward.

The stocks with which Kingfish has been compared have been selected from the NZX 50, ranked in order of gross dividend yield.

PERFORMANCE

	Year to 31 March 2011	Since inception
NAV (includes dividends*)	+9.8%	+52.3%
Relative performance		
NZSX 50 Gross Index (NZX50G)	+5.3%	+32.7%
NZSX Mid Cap Index (NZSEMCG)	+2.3%	+51.8%
Total Shareholder Return (share price plus dividends*)	+16.3%	+34.2%

*Assumes all dividends are reinvested. Excludes imputation credits.

DIRECTORS' OVERVIEW CONTINUED

HIGH AND LOWS SINCE INCEPTION (dividends are excluded)

In financial year	2005	2006	2007	2008	2009	2010	2011
NAV high	\$1.32	\$1.60	\$2.18	\$2.17	\$1.41	\$1.19	\$1.14
NAV low	\$0.97	\$1.11	\$1.60	\$1.31	\$0.84	\$0.93	\$1.00
NAV at 31 March	\$1.29	\$1.59	\$2.15	\$1.31	\$0.92	\$1.12	\$1.13
Share price high	\$1.22	\$1.15	\$1.65	\$1.66	\$1.19	\$0.99	\$0.96
Share price low	\$0.88	\$0.89	\$1.11	\$0.98	\$0.61	\$0.71	\$0.84
Share Price at 31 March	\$1.03	\$1.12	\$1.50	\$1.02	\$0.71	\$0.91	\$0.96

SNAPSHOT

	31 March 2011	31 March 2010
Net Asset Value (audited)	\$1.13	\$1.12
Diluted Net Asset Value (audited)	\$1.07	\$1.12
Share Price	\$0.96	\$0.91
Dividends paid in year	8.69cps	9.6cps



MANAGER'S REPORT

The year to 31 March 2011 was a challenging one for New Zealand investors and it was a year that was far more about global macroeconomic events than it was about smart New Zealand companies doing what they could to grow profits. The Kingfish portfolio proved resilient and our portfolio companies produced sufficiently good results to enable the Kingfish NAV to outperform the broad market. But gains did not come easily.

After a tough first quarter where the Kingfish NAV declined 7.2%, the NAV rose in each of the subsequent three quarters to finish the financial year up a creditable 9.8% (adjusting for dividends excluding imputation). Whilst this was below last year's return, given the volatility in world markets, we believe that this is an acceptable result. This NAV return was better than that of the broader market, with the NZX 50G rising 5.3% for the year ended March. The Kingfish portfolio outperformed the NZX 50G in all four quarters of the financial year.

The economic backdrop for companies operating in New Zealand continues to be difficult. The Reserve Bank cut the official cash rate to 2.5% as a direct response to the impact of the Christchurch earthquake on an already struggling domestic economy, and appears to be in no hurry to raise it. Most domestic companies are seeing patchy demand, although activity levels more recently (ex Christchurch) are showing some tentative signs of improvement, as is the housing market.

Companies in the Kingfish portfolio came through the unfortunate second major earthquake in Christchurch relatively unscathed. Tower's insurance division suffered claims losses and higher re-insurance rates going forward but its capital base remains sound. Both Ryman Healthcare and Kathmandu have their head offices in Christchurch but were quickly up and running shortly afterwards, as was Kathmandu's distribution centre. Opus International Consulting will have an increased workload as it helps rebuild Christchurch city. Pumpkin Patch and Michael Hill International have been impacted by some store closures as a result of this earthquake and also the floods in Australia, but this impact is not material.

PORTFOLIO ACTIVITY

During the year we added three new companies to the portfolio – Kathmandu, Fisher & Paykel Healthcare and Infratil. These were funded by trimming several holdings during the year, but we have not seen a deterioration in the investment thesis in any one company within the portfolio such that it has caused us to completely sell out. During the fourth quarter we reduced our holdings in Pumpkin Patch and Delegat's, with both facing headwinds in their respective businesses. Due to the quarterly dividend policy incorporated in the 2010 financial year, we are carrying cash levels slightly higher than previously.

PORTFOLIO COMMENTARY

Abano Healthcare has had a busy year restructuring its capital base following the sale of its domestic audio business and resulting sale of its share in NHC. Its earnings base is now dominated by its Australasian dental operations, but it is also investing in greenfield audiology operations in Australia and Asia which have the potential to add significant shareholder value in the medium term.

Delegat's is out-performing in an industry that is struggling with a supply imbalance, competition from sub-economic vineyards, an elevated NZ\$ and high levels of bulk wine exported at discounted prices. Despite this backdrop, Delegat's is confident of achieving a solid increase in operating earnings for the full year, after posting a 9% increase in earnings at its interim result.

Fisher & Paykel Healthcare has seen continued strong demand for its respiratory and obstructive sleep apnea products, although earnings have been impacted by currency headwinds. The company has significantly increased its operating universe

MANAGER'S REPORT CONTINUED

with innovative new products launched in both of its divisions, which should lead to strong growth in coming years. Production has now also begun in Mexico, which will lower costs and geographic risk.

Freightways is widely acknowledged as being leveraged to domestic economic activity, yet its earnings have been resilient to the domestic recession and subsequent slow recovery over the last couple of years. Although it is yet to see an across-the-board recovery in its express logistics business, it still posted a respectable 9% increase in interim profits, with growing momentum in the latter part of the interim period. Its smaller information management business continues to perform strongly.

Infratil's divisional operations have performed well this year, in particular its Greenstone Energy and Infratil Energy Australia operations both of which have materially strengthened their earnings base. Infratil has refreshed its asset base and strengthened its balance sheet over the last year – a process likely to be continued in the current year.

Kathmandu has performed strongly in a subdued Australasian retail clothing sector. Same store sales are up 13.3% on higher margins for the nine months ended 1 May, although the winter sale period remains key. Australia will be a focus of management going forward – it believes that it can achieve significantly better earnings in Australia by optimising its product range for the warmer Australian climate, better store format and location, and better brand management.

Mainfreight's earnings are now materially bigger offshore than its domestic base following the purchase of the Wim Bosman Group, a Netherlands based transport company. Over time, Mainfreight has been successful in expanding its freight logistic

footprint internationally and opening up new trade lanes to build on the company's existing profitability. The Wim Bosman Group purchase opens up the European market, which has been an aspirational goal of the company for some time.

Metlifecare has now posted two consecutive accounting periods where its NAV has increased following independent valuations of its villages, although the share price is still trading at just over half its stated asset backing. The company needs to sell further apartments / units at its new Takapuna village before it can move forward with further developments, as debt levels remain relatively high.

Michael Hill International's same store sales continue to grow in a difficult Australasian retail environment, whilst its Canadian and USA operations have recorded strong sales growth this year (albeit off a low base). The company has given guidance of an expected 24% increase in full year earnings despite the floods in Australia.

NZX's integrated Information, Markets and Infrastructure business is entering a period of low capital spend now that its clearing house and derivatives market has been launched and new acquisitions have been integrated. NZX expects to achieve strong growth in free cash flow over the next couple of years as a result of this and has again increased its expected dividend payouts.

Opus International Consulting is starting to achieve better earnings from its offshore operations and is back on the acquisition trail backed by its strong balance sheet. Its focus is on Canada and Australia, having acquired another business in Canada late last year. Domestically, Opus's market position remains strong and the company is likely to pick up substantial workflow as it helps in the rebuild of Christchurch. >>

MANAGER'S REPORT CONTINUED

Pumpkin Patch's earnings have been impacted this year, as have most clothing retailers, by lower consumer spending and also by supply chain problems at the start of the year reducing inventory going into the spring season (since rectified). Notwithstanding this, it is confident enough to continue to roll-out its 'Charlie & Me' store format aimed at the playwear end of the market despite a difficult clothing retail environment.

Ryman Healthcare recently announced a lift in its annual build rate from 450 new units/beds to 550 to meet demand. The company has performed well despite the lacklustre domestic property market with new villages quickly attaining high occupation rates and extensions at existing villages also selling well. New villages at Tauranga, Christchurch and Waikanae are planned, and the company is also looking for its first site in Australia.

Tower's 35% shareholder, Guinness Peat Group, is in divestment mode and is likely to sell its stake in Tower or split the company up. This is slightly ironic in that Tower itself has raised new equity and is looking to acquire complementary businesses. Tower has been negatively impacted by the Christchurch earthquakes, but re-insurance has mitigated the impact to the extent that its capital base remains strong.

Wakefield Health's hospital theatre utilisation has been affected by lower ACC and DHB funded patient volumes. We see the lower number of private surgical procedures as transitory, as the latent demand for elective surgery grows as the population ages and the ability of the government to fund these procedures through the public system falls. Wakefield has the balance sheet strength to participate in any industry consolidation.

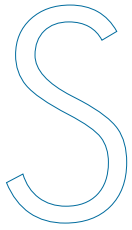
Unlisted **Waterman Holding's** two investments, Guthrie Bowron and David Reid Homes have performed solidly despite the difficult housing market. Sales for Guthrie Bowron's home decorating business were tracking ahead of last year in its interim result, but David Reid Homes needs a pick-up in housing starts to grow its business.

OUTLOOK

We believe that the fundamentals of the Kingfish portfolio, relative to the broader market, remain very sound. Using analysts' consensus forecasts, the one year forward earnings growth of the portfolio is currently 24%, and the P/E multiple 13.4x. This growth is stronger than the wider market, which is trading on an estimated 15.1x. The balance sheets of companies within the portfolio also remain in good shape with net debt / EBITDA of just 1.2x and interest cover of over 10x.

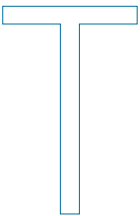
Our faith in the growth prospects of the companies in the Kingfish portfolio remains even though shareholders have yet to be rewarded with strong rises in the Kingfish share price and NAV per share. All of Kingfish's investments have solid 'moats' around their businesses, and strong balance sheets. The missing ingredient for some time now has been economic growth. In an environment of unspectacular economic growth it is unrealistic to expect spectacular performance at the company level. Shareholders should be pleased that the Kingfish portfolio has achieved positive returns, and that in so doing, it has outperformed the market overall. If we can maintain this outperformance when the economic recovery finally emerges, shareholders will have something to be very pleased about. Although the tragic second Christchurch earthquake has delayed the recovery, there is now an inevitability to it – and we believe that the Kingfish portfolio is well placed to capitalise on that growth, when it comes.

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:



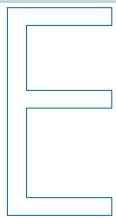
STRENGTH OF THE BUSINESS

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



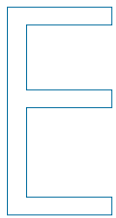
TRACK RECORD

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



EARNINGS HISTORY

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



EARNINGS GROWTH FORECAST

What is the company's earnings growth forecast over the next one to three 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.



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? For us, the quality of the company management and its corporate governance is of paramount importance.



PRICING/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.

Using this STEPP analysis, we constructed and maintained a portfolio which comprised 16 securities at the end of March 2011.

MANAGER'S REPORT CONTINUED

PORTFOLIO HOLDINGS SUMMARY, AS AT 31 MARCH 2011

Listed Companies	% Holding
Abano Healthcare	2.0%
Delegat's	2.4%
Fisher & Paykel Healthcare	5.0%
Freightways	5.9%
Infratil	5.6%
Kathmandu	3.3%
Mainfreight	17.3%
Metlifecare	8.4%
Michael Hill	3.9%
NZX	6.7%
Opus International	4.4%
Pumpkin Patch	3.6%
Ryman Healthcare	14.3%
Tower	2.2%
Wakefield Health	2.4%
Non-listed Companies	
Waterman Holdings	1.3%
Equity Total	88.7%
New Zealand dollar cash	11.3%
TOTAL	100.0%



Carmel Fisher | MANAGING DIRECTOR

Fisher Funds Management Ltd | 20 May 2011



Murray Brown | SENIOR INVESTMENT ANALYST

Fisher Funds Management Ltd | 20 May 2011

THE KINGFISH PORTFOLIO STOCKS

The following is a brief introduction to each of your portfolio companies, with a description of why we believe they deserve a position in the Kingfish portfolio. Market capitalisations shown are as at 31 March 2011.



Abano Healthcare

What does it do?

Abano is an active investor in and operator of healthcare and medical services businesses. It operates a long term co-invest and build business model in the areas of audiology, dental, diagnostics and rehabilitation. Its clinics, practices, laboratories and offices are located across New Zealand, Australia and Asia.

Why do we own it?

We are attracted to its strategy of focusing on the private revenue segment of the healthcare and medical services market, and in particular specific groups within the sector where it can work in partnership with clinical founders to create shareholder wealth.

Market Capitalisation \$71m



2010 Dividend Yield 5%

Total Shareholder Return for year to 31 March 2011 -10%



DELEGAT'S GROUP LIMITED

Delegat's Group

What does it do?

Delegat's 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 currently the fastest growing New Zealand wine brand in the USA.

Why do we own it?

Delegat's continues to outperform in a difficult industry segment. The industry suffers from an oversupply of grapes, and a strong currency headwind. Delegat's has been successful in expanding its sales reach through its own dedicated sales team, whilst holding operating margins through changing its country sales mix.



Fisher & Paykel Healthcare

What does it do?

Fisher & Paykel Healthcare is a leading designer, manufacturer and distributor of innovative medical devices for patients who require acute respiratory and obstructive sleep apnea care. Over 95% of its products are sold outside of New Zealand from dedicated manufacturing facilities in Auckland and more recently, 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 obesity rises. Through its own R&D, Fisher & Paykel Healthcare has continued to develop products that significantly expand its potential patient base, whilst increasing shareholder value.




Freightways

What does it do?

Freightways operates nationwide express package and business mail operations with brands including NZ Couriers, Post Haste and DX Mail. It 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. The company has an impressive track record of value-adding acquisitions that leverage off its existing infrastructure. Despite a sluggish domestic economy, its earnings have been resilient and it will be a major beneficiary of more buoyant domestic economic activity.

Market Capitalisation	\$228m
	
2010 Dividend Yield	4%
Total Shareholder Return for year to 31 March 2011	25%

Market Capitalisation	\$1,634m
	
2010 Dividend Yield	4%
Total Shareholder Return for year to 31 March 2011	0%

Market Capitalisation	\$501m
	
2010 Dividend Yield	4%
Total Shareholder Return for year to 31 March 2011	8%



Infratil

What does it do?

Infratil invests in a diverse range of infrastructure businesses encompassing renewable energy, air and road transport and downstream oil, 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 50% holding in Trustpower and that it invests in a range of unlisted infrastructure assets that are not easily replicable. Infratil's goal of a 20%pa after tax return to shareholders meets our expectations and its track record since listing has been strong.



Kathmandu

What does it do?

Kathmandu is a retailer of clothing and equipment for travel and adventure in Australia, New Zealand and the UK. It operates a vertically integrated business from in-house design through to a company operated chain of over 100 stores. Total sales are split approximately 60% clothing, 40% equipment.

Why do we own it?

Kathmandu's integrated model results in high margins despite operating three major sales per year which make up approx 70% of total sales. Earnings growth is driven by its store rollout programme, store improvements and a widening of its product range. Kathmandu currently has strong same store sales growth, well above other retailers.



Mainfreight

What does it do?

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

Market Capitalisation	\$1,151m
	
2010 Dividend Yield	3%
Total Shareholder Return for year to 31 March 2011	15%

Market Capitalisation	\$460m
	
2010 Dividend Yield	4%
Total Shareholder Return for year to 31 March 2011	-2%

Market Capitalisation	\$880m
	
2010 Dividend Yield	2%
Total Shareholder Return for year to 31 March 2011	45%



Metlifecare

What does it do?

Metlifecare develops and manages retirement villages around New Zealand. It operates retirement villages that provide a continuum of care from independent lifestyle through to aged care support.

Why do we own it?

We are attracted to the demographic trends that support the growth of retirement and aged care living including: the ageing demographic profile, increasing penetration of retirement village living and an increasing 'user pays' health support mentality.



celebrate you

Michael Hill International

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 in the USA.

Why do we own it?

Michael Hill International's Australasian business has continued to prosper through its policy of controlled profitable growth no matter the economic backdrop. Its smaller Canadian and USA operations have great potential to add to shareholder value going forward.



NZX


What does it do?

NZX operates in three complementary areas – Information, Markets and Infrastructure. Through a series of acquisitions and in-house build, it now has a diversified earnings stream incorporating the sale of related information/data, and trading and clearing revenues across an expanding range of securities, derivatives, index and commodities products.

Why do we own it?

We like NZX's diversified revenue streams and dominant market positions. Now that it has largely completed its acquisition and capital expenditure phase, it is now generating significant free cash flow resulting in higher dividend flows to shareholders.

Market Capitalisation	\$273m
	
2010 Dividend Yield	0%
Total Shareholder Return for year to 31 March 2011	4%

Market Capitalisation	\$333m
	
2010 Dividend Yield	5%
Total Shareholder Return for year to 31 March 2011	31%

Market Capitalisation	\$260m
	
2010 Dividend Yield	5%
Total Shareholder Return for year to 31 March 2011	14%



Opus International

What does it do?

Opus is an international multidisciplinary infrastructure consultancy providing asset development and asset management solutions to the infrastructure sector. It operates consultancy practices in New Zealand, Australia, Canada and the United Kingdom.

Why do we own it?

We are attracted to the relatively high growth but low risk consultancy revenue streams connected to the roads, rail, water supply, stormwater, and waste water treatment sectors (amongst others) that Opus consults to. It is well positioned to benefit from the strong backlog of infrastructure work in New Zealand and other countries.



Pumpkin Patch

What does it do?

Pumpkin Patch is a childrenswear retailer now operating two brands – “Pumpkin Patch” and more recently “Charlie & Me” which is aimed at the everyday children’s clothing segment. The company has stores in Australia, New Zealand, the USA and the UK. Its wholesale division spreads its reach to many other markets globally.

Why do we own it?

Pumpkin Patch has a strong Australasian base and its USA and UK operations will add materially to earnings when these economies start to rebound. “Charlie & Me” stores will leverage off Pumpkin Patch’s existing infrastructure and should add to shareholder value in the medium term.



Ryman Healthcare

What does it do?


Ryman Healthcare was formed in 1984 to develop, construct and operate retirement villages in New Zealand. It now has 23 retirement villages around New Zealand and is looking to expand in a controlled way into Australia.

Why do we own it?

Ryman is a premium developer and operator of retirement villages in New Zealand, and has stuck to its winning formula. Industry dynamics are extremely attractive, and Ryman has recently lifted its build rate of units and beds to meet demand.

Market Capitalisation	\$319m
	
2010 Dividend Yield	4%
Total Shareholder Return for year to 31 March 2011	37%

Market Capitalisation	\$227m
	
2010 Dividend Yield	7%
Total Shareholder Return for year to 31 March 2011	-35%

Market Capitalisation	\$1,185m
	
2010 Dividend Yield	3%
Total Shareholder Return for year to 31 March 2011	18%



Tower

What does it do?

Since the de-merger of TOWER Australia in 2006, TOWER has operated with three separate divisions - Health and Life, General Insurance and Investment Management in New Zealand and the Pacific Islands. More recently the company is operating an integrated functional model.

Why do we own it?

TOWER's largest shareholder, Guinness Peat Group (35%), has indicated that it is likely to sell all its investments over time. The potential is now there that TOWER may be split up, or sold outright and crystallise shareholder value.



Wakefield Health

What does it do?

Wakefield Health operates three private hospitals in Wellington (2) and Hastings. Its 13 operating theatres are used largely for elective and non-urgent surgery, mainly funded through the private sector. It is looking to add to its portfolio of hospitals over time.

Why do we own it?

The private hospital sector offers attractive attributes such as high barriers to entry and supportive demographics. New Zealand's population, which is often characterised as "Ageing, Active and Aware", creates a latent demand for elective and non-urgent surgery.



Waterman Holdings

What does it do?

Unlisted Waterman Holdings acquires and operates established unlisted medium sized businesses in New Zealand. The portfolio currently consists of investments in Guthrie Bowron and David Reid Homes. It seeks significant influence over key strategic and financial decisions of its businesses.

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'. Waterman takes a long-run view of its investments.

Market Capitalisation	\$493m
	
2010 Dividend Yield	5%
Total Shareholder Return for year to 31 March 2011	-1%

Market Capitalisation	\$72m
	
2010 Dividend Yield	3%
Total Shareholder Return for year to 31 March 2011	-28%

Market Capitalisation	\$17m
	
2010 Dividend Yield	3%

BOARD OF DIRECTORS



JAMES MILLER

BCom, FCA
Chairman
James is a qualified chartered accountant and is a Fellow of the Institute of Chartered Accountants of New Zealand, a

Certified Securities Analyst Professional and an accredited Director of the Institute of Directors in NZ Inc. He holds a Bachelor of Commerce from Otago University and is a graduate of The Advanced Management Program, Harvard Business School (USA). James is also a director of NZX, Vector, Auckland International Airport, Barramundi and Marlin Global. He was previously on the ABN AMRO Securities Board, INFNZ Board, and Financial Reporting Standards Board. James' relevant prior roles were Head of Equities at ABN AMRO; Head of Research at ABN AMRO and as a Research Analyst focussing on energy and infrastructure sectors with Barclays de Zoete Wedde (BZW). He brings 14 years experience in capital markets.



ANNABEL COTTON *BMS, ACA, CSAP*
Independent Director

A qualified investment analyst and accountant, Annabel worked as an equity analyst before specialising in working alongside a number of New Zealand listed companies on their investor relations and equity management programmes. Annabel is a director of Barramundi, Marlin Global and a number of private companies. She has been a Member of the Securities Commission and a director of Genesis Power.



MARK TODD *LLB (Hons)*
Independent Director

Mark is a solicitor with a Bachelor of Laws from Canterbury University. He practices as a partner with law firm Bell Gully. Mark has specialised in advising on investment products for over 15 years and, during that time, has been actively involved in industry affairs. He has a keen interest in investment matters and is a regular attendee at annual general meetings of Warren Buffett's Berkshire Hathaway Inc. in Omaha, Nebraska. Mark is also a director of Barramundi and Marlin Global. His principal place of residence is Auckland.



CARMEL FISHER *BCA*
Executive Director

Carmel 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 sharemarket spans more than twenty years. 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 NZ Limited and Sovereign Asset Management Limited. Carmel's principal place of residence is Auckland and she can be contacted at Kingfish's registered office.



CORPORATE GOVERNANCE STATEMENT

The Board of Directors (“Board”) of Kingfish Limited 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 Best Practice Code and the Securities Commission Corporate Governance Principles and Guidelines.

COMPLIANCE

Kingfish seeks to follow the best practice recommendations for listed companies to the extent that it is appropriate to the size and nature of its operations. The Company considers its governance practices complied with the NZX Corporate Governance (‘NZXCG’) Best Practice Code and the Securities Commission Corporate Governance Principles and Guidelines in its entirety during the year ended 31 March 2011. 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.kingfishlimited.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 (‘NAV’) to the New Zealand Exchange, and ending at the close of trade two days following the NAV disclosure.

No breaches of ethics principles were identified during the year.

A copy of the full terms of Code of Ethics, Conflicts of Interest Policy and the Insider Trading Policy is available at www.kingfishlimited.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

The Kingfish Constitution requires a minimum of three Directors with a maximum of seven. At least two of the Directors must be 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 non-executive Directors including the Chairman and one Director who is not deemed to be independent due to also being a Director of Fisher Funds. >>

CORPORATE GOVERNANCE STATEMENT CONTINUED

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

Profiles of the individual Directors can be found on pg 18.

Director Independence

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

The Board considers that all Directors, other than Carmel Fisher, are independent in terms of the New Zealand Exchange definition.

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. The Board does not believe that any Director has served on the Board for a period which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company. The Board considers that Directors retain independence of character and judgement regardless of length of service and regardless of them also being Directors of other Fisher Funds managed listed investment companies Barramundi Limited and Marlin Global Limited.

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 of, and contractual arrangements with, the Manager;
- » capital management – implementing initiatives including share buybacks if it is in the opinion of the Board that the value of the shares do not appropriately reflect the underlying asset value;

- » determining dividend policy;
- » 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;
- » 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, NZSX and continuous disclosure – maintaining ongoing dialogue with the NZSX;
- » custodian – appointing a custodian to safeguard the Company's assets. Trustees Executors Limited is the custodian of Kingfish's assets;
- » other service providers – appointing other service providers and evaluating their performance.

The Board met eleven times during the year and received papers, including regular reports from the Chief Financial Officer and Investment Manager to read and consider before each meeting. The Board is provided at all times with accurate timely information on all aspects of Kingfish 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.

CORPORATE GOVERNANCE STATEMENT CONTINUED

BOARD MEMBERS	MEETINGS ATTENDED
Annabel Cotton	11
Carmel Fisher	11
Ian Hendry (<i>retired 20 May 2011</i>)	10
Rob Challinor (<i>retired 31 December 2010</i>)	9
James Miller (<i>appointed 14 September 2010</i>)	6
Mark Todd (<i>appointed 21 March 2011</i>)	1
Meetings held	11

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

- » the provision of management services to the Company such as the investment and portfolio management services and administrative services ;
- » dealing with the Custodian;
- » 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 the New Zealand Exchange, the Kingfish Constitution and the Companies Act 1993.

Board Performance Review

The Board conducts a formal review of its performance annually.

The Chairman, occasionally with the assistance of an appropriate external advisor, 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 Committee

The Kingfish Audit 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 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 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 Chairman of the Audit Committee or the Chairman of the Board, both of whom are Independent Directors.

The Audit 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.

The Audit Committee comprises Annabel Cotton (Chairman), James Miller and Mark Todd who 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 COMMITTEE MEMBERS	MEETINGS ATTENDED
Annabel Cotton	2
Ian Hendry (<i>retired 20 May 2011</i>)	2
Rob Challinor (<i>retired 31 December 2010</i>)	1
James Miller (<i>appointed 14 September 2010</i>)	0
Mark Todd (<i>appointed 21 March 2011</i>)	1
Meetings held	2

>>

CORPORATE GOVERNANCE STATEMENT CONTINUED

The Audit Committee may have in attendance such members of management including the Kingfish Chief Financial Officer, 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 full terms of engagement of the Audit Committee is available at www.kingfishlimited.co.nz

Other Committees

Due to the importance of nomination and remuneration matters, these are addressed by the Board as a whole and consequently there is no separate Nomination or Remuneration Committee.

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 NZSX Listing Rules. The Company has a Continuous Disclosure Policy designed to ensure this occurs. That policy can be found on the Company website.

The Chief Financial Officer is the Company's market disclosure officer, and 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 Chief Financial Officer is responsible for releasing any relevant information to the market once that has been approved. Financial information release is approved by the Board on the recommendation of the Audit Committee, while information release 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 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 Kingfish Chief Financial Officer is responsible for ensuring compliance with the NZSX continuous disclosure requirements and overseeing and co-ordinating disclosure to the exchange.

PRINCIPLE 5 – REMUNERATION

The remuneration of Directors and executives is transparent, fair and reasonable.

Non-executive Directors' Remuneration

The fees payable to non-executive Directors are determined by the Board within the aggregate amount approved by shareholders. The current Directors' fee pool limit of \$100,000 was approved by shareholders' written resolution in February 2004.

Details of remuneration paid to Directors are disclosed in note 1 to the Financial Statements and is further disclosed in the Shareholder Information section of this report.

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 effectively those risks. Key risk management tools used by Kingfish include the Audit 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 at www.kingfishlimited.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

CORPORATE GOVERNANCE STATEMENT CONTINUED

Kingfish 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 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 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. PwC was appointed by shareholders at the 2005 annual meeting in accordance with the provisions of the Companies Act 1993 ('Act'). PwC is automatically reappointed as auditor under Section 200 of the Act.

Attendance at the Annual Meeting

PwC, as external auditor of the 2011 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 NZSX, Kingfish maintains an up-to-date website www.kingfishlimited.co.nz including making available the most recent Net Asset Value that is released to the NZSX on a weekly basis and at the end of each month, corporate governance policies, shareholder reports, market announcements, copies of ASM minutes, presentations, press releases and news articles as well as performance data.

Information is also communicated to shareholders in the Annual and Interim Reports and the Quarterly Shareholders Update Newsletter which is published between these two reports.

The release of the Annual Report is followed by the ASM which the Board recognises as an important forum at which the shareholders can meet and question the Board and Manager. The notice of meeting is circulated at least ten 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. The Board holds the ASM at a time and venue that is considered convenient to the greatest number of its shareholders. This year's meeting will be held on 7 July 2011 at 10.30am at the Ellerslie Event Centre in Auckland. Full participation of shareholders is encouraged at the ASM 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 2011

We have pleasure in presenting the financial statements for Kingfish Limited for the year ended 31 March 2011.

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 2011 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 1993.

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

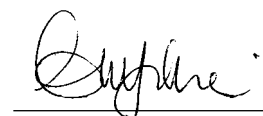
The Kingfish Board authorised these financial statements for issue on 20 May 2011.



James Miller



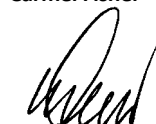
Annabel Cotton



Carmel Fisher



Ian Hendry



Mark Todd



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KINGFISH LIMITED
STATEMENT OF COMPREHENSIVE INCOME
 FOR THE YEAR ENDED 31 MARCH 2011

	NOTES	2011 \$000	2010 \$000
Interest income		297	211
Dividend income		2,564	3,325
Net changes in fair value of investments	1(i)	9,171	22,786
Total net income		12,032	26,322
Operating expenses	1(ii)	(2,134)	(1,956)
Operating profit before tax		9,898	24,366
Total tax (expense)/benefit	3(i)	(160)	85
Net operating profit after tax attributable to shareholders		9,738	24,451
Other comprehensive income			
Change in available-for-sale reserve	8(iii)	(351)	800
Total comprehensive income after tax attributable to shareholders		9,387	25,251
Earnings per share			
Basic earnings per share			
Profit attributable to owners of the Company (\$000)		9,738	24,451
Weighted average number of ordinary shares on issue net of treasury stock ('000)		87,845	85,710
		\$0.11	\$0.29
Diluted earnings per share			
Profit attributable to owners of the Company (\$000)		9,738	24,451
Weighted average number of ordinary shares on issue net of treasury stock and adjusted for warrants ('000)			
- Weighted average number of ordinary shares on issue		87,845	85,710
- Weighted average number of warrants on issue		25,267	0
		113,112	85,710
		\$0.09	\$0.29

The Statement of Accounting Policies set out on pages 31 to 34 and the Notes to the Financial Statements set out on pages 35 to 43 should be read in conjunction with this Statement of Comprehensive Income.

KINGFISH LIMITED
STATEMENT OF CHANGES IN EQUITY
 FOR THE YEAR ENDED 31 MARCH 2011

	NOTES	2011 \$000	2010 \$000
Total profit for the year attributable to shareholders		9,738	24,451
Other comprehensive income	8(iii)	(351)	800
Total profit and comprehensive income for the year attributable to shareholders		9,387	25,251
Contributions from owners			
- Ordinary shares issued for warrants exercised	2	587	0
- Dividends reinvested	2	3,448	3,570
Distribution to owners			
- Dividends paid	4	(7,628)	(8,219)
- Share buybacks	2	(1,219)	(1,849)
Movements in equity for the year		4,575	18,753
Equity at beginning of the year		96,952	78,199
Equity at end of the year		101,527	96,952

The Statement of Accounting Policies set out on pages 31 to 34 and the Notes to the Financial Statements set out on pages 35 to 43 should be read in conjunction with this Statement of Changes in Equity.

KINGFISH LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2011

	NOTES	2011 \$000	2010 \$000
ASSETS			
Current Assets			
- Cash and cash equivalents		11,554	10,351
- Trade and other receivables	5	206	735
- Investments at fair value through profit or loss	7	88,922	83,645
Total Current Assets		100,682	94,731
Non-current Assets			
- Available-for-sale financial assets	8(i)	1,279	2,280
- Deferred tax asset	3 (iii)	0	148
Total Non-current Assets		1,279	2,428
TOTAL ASSETS		101,961	97,159
LIABILITIES			
Current Liabilities			
- Trade and other payables	6	434	207
Total Current Liabilities		434	207
TOTAL LIABILITIES		434	207
EQUITY			
- Share capital	2	88,556	85,740
- Available-for-sale reserve	8(iii)	449	800
- Retained earnings	4	12,522	10,412
TOTAL EQUITY		101,527	96,952
TOTAL EQUITY AND LIABILITIES		101,961	97,159

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



J B Miller | Chairman

20 May 2011



A M Cotton | Chair of the Audit Committee

20 May 2011

The Statement of Accounting Policies set out on pages 31 to 34 and the Notes to the Financial Statements set out on pages 35 to 43 should be read in conjunction with this Statement of Financial Position.

KINGFISH LIMITED
STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED 31 MARCH 2011

	2011 \$000	2010 \$000
Operating Activities		
<i>Cash was provided from:</i>		
- Sale of investments	20,512	17,049
- Interest received	297	211
- Dividends received	3,077	2,776
<i>Cash was applied to:</i>		
- Purchase of investments	(15,722)	(8,196)
- Operating expenses	(2,125)	(1,400)
- Taxes paid	0	(155)
Net cash inflows from operating activities	6,039	10,285
Financing Activities		
<i>Cash was provided from:</i>		
- Proceeds from warrants exercised	587	0
<i>Cash was applied to:</i>		
- Share buybacks	(1,243)	(1,795)
- Dividends paid (net of dividends reinvested)	(4,180)	(4,649)
Net cash outflows from financing activities	(4,836)	(6,444)
Net increase in cash and cash equivalents held	1,203	3,841
Cash and cash equivalents at beginning of the year	10,351	6,510
Cash and cash equivalents at end of the year	11,554	10,351

All cash balances comprise short-term cash deposits.

The Statement of Accounting Policies set out on pages 31 to 34 and the Notes to the Financial Statements set out on pages 35 to 43 should be read in conjunction with this Statement of Cash Flows.

KINGFISH LIMITED
STATEMENT OF CASH FLOWS CONTINUED
 FOR THE YEAR ENDED 31 MARCH 2011

	2011 \$000	2010 \$000
Reconciliation of operating profit after tax to net cash flows from operating activities		
Net profit after tax	9,738	24,451
<i>Items not involving cash flows:</i>		
- Unrealised gains on revaluation of investments	(5,870)	(18,292)
- Change in deferred tax	148	(84)
	(5,722)	(18,376)
Impact of changes in working capital items		
- Increase in fees and other payables	251	11
- Decrease in interest, dividends and other receivables	529	154
- Increase in current tax receivable	0	(156)
	780	9
Items relating to investments		
- Net amount received from investments	4,790	8,853
- Realised gains on investments	(3,301)	(4,494)
- Increase in unsettled purchases of investments	(246)	0
- Decrease in unsettled sales of investments	0	(158)
	1,243	4,201
Net cash inflows from operating activities	6,039	10,285

The Statement of Accounting Policies set out on pages 31 to 34 and the Notes to the Financial Statements set out on pages 35 to 43 should be read in conjunction with this Statement of Cash Flows.

KINGFISH LIMITED
STATEMENT OF ACCOUNTING POLICIES
FOR THE YEAR ENDED 31 MARCH 2011

GENERAL INFORMATION

Entities Reporting

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

Legal Form & Domicile

The Company is incorporated and domiciled in New Zealand.

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

Kingfish is listed on the New Zealand Stock Exchange and is an issuer under the terms of the Financial Reporting Act 1993.

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 disclosed in the Directory.

Authorisation of Financial Statements

The Kingfish Board of Directors authorised these financial statements for issue on 20 May 2011.

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 2011.

Statement of Compliance

The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP"), the Companies Act 1993 and the Financial Reporting Act 1993. They comply with the New Zealand Equivalents to 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.

No changes to NZ IFRS were of material relevance to the Company's financial statements for the 2011 financial year.

The following standard has been issued but is not yet effective:

NZ IFRS 9: Financial instruments – This standard will eventually replace *NZ IAS 39: Financial instruments – recognition and measurement* ("NZ IAS 39") and is expected to be adopted by the Company in the year ending 31 March 2014 when it becomes effective. The standard is not expected to materially affect the Company's financial statements, although available-for-sale financial assets have the potential to be reclassified to financial assets at fair value through profit or loss.

Any other new or proposed accounting standards and amendments not disclosed are not expected to have a material impact on the financial statements when they are initially applied.

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 Financial Position, Statement of Changes in Equity 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 financial statements requires the Directors to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses.

Specifically these relate to the fair value of available-for-sale financial assets disclosed in these financial statements. They are based on historical experience, share sales, underlying financial performance and various other factors that are believed to be reasonable in the circumstances.

The Directors' estimate of the fair value of available-for-sale financial assets has been based on the latest available information. Actual results may differ from these estimates; however the Directors believe that any difference is unlikely to be material. >>

KINGFISH LIMITED
STATEMENT OF ACCOUNTING POLICIES CONTINUED
FOR THE YEAR ENDED 31 MARCH 2011

Cash and Cash Equivalents

Cash and cash equivalents includes 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 & Dividend Income

Interest is accounted for as earned using 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 up to the balance date. Refer to Note 12 of the Notes 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 in equal portions. 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 in respect of the taxable profits or losses to 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 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.

The Company 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.

KINGFISH LIMITED
STATEMENT OF ACCOUNTING POLICIES CONTINUED
FOR THE YEAR ENDED 31 MARCH 2011

Recognition & Measurement

All investments at fair value through profit or loss are initially recognised at fair value and are subsequently re-valued 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 current market bid prices at balance date.

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.

Dividend income from investments at fair value through profit or loss is separately 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 & 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 separately 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, 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.

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 Receivables

Trade 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 carrying amount.

Trade Payables

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

KINGFISH LIMITED
STATEMENT OF ACCOUNTING POLICIES CONTINUED
FOR THE YEAR ENDED 31 MARCH 2011

Dividends Payable

Dividend distribution to the Company's shareholders is 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.

Earning 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. Refer to the Statement of Comprehensive Income for the earnings per share calculations.

Diluted earnings per share adjusts the weighted average number of ordinary shares assuming all warrants were exercised on the date of calculation of earnings per share. Refer to the Statement of Comprehensive Income for the diluted earnings per share calculation.

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.

Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in presentation in these financial statements.

KINGFISH LIMITED
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 MARCH 2011

Note 1 - Statement of Comprehensive Income

	2011 \$000	2010 \$000
(i) Net changes in fair value of investments		
<i>Investments designated at fair value through profit or loss</i>		
- New Zealand equity investments	8,820	22,786
<i>Available-for-sale financial assets</i>		
- Reclassification from reserve	351	0
Total gains	9,171	22,786
(ii) Operating Expenses		
Audit fees	38	32
Manager's fees (note 9)	1,352	1,318
Directors' fees	120	109
Brokerage fees	102	74
Custody and NZX fees	122	99
Personnel	111	93
Administration & other	167	127
Investor relations	97	51
Taxation and legal services	23	35
Bank fees	2	18
Total operating expenses	2,134	1,956

No non-audit fees were paid to the auditor during the year (2010: nil).

Note 2 - Share Capital

Ordinary shares

As at 31 March 2011 there were 90,073,066 (31 March 2010: 87,002,015) fully paid Kingfish shares on issue, including treasury stock of 58,143 shares (31 March 2010: 137,649). 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.

	2011 \$000	2010 \$000
Opening balance	85,740	84,019
Shares issued for warrants exercised	587	0
Proceeds of shares issued from treasury stock under the dividend reinvestment plan	1,218	3,243
New shares issued under dividend reinvestment plan	2,230	327
Share buybacks held as treasury stock	(1,219)	(1,849)
Closing balance	88,556	85,740

Treasury stock

On 1 November 2010 Kingfish announced its intention to continue its share buyback policy 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. >>

KINGFISH LIMITED
NOTES TO THE FINANCIAL STATEMENTS CONTINUED
 FOR THE YEAR ENDED 31 MARCH 2011

Note 2 - Share Capital continued

	2011 \$000	2010 \$000	NUMBER OF SHARES	
			2011 '000	2010 '000
Opening balance	(562)	832	138	1,958
Share buybacks	1,219	1,849	1,324	2,027
Shares re-issued under dividend reinvestment plan	(1,218)	(3,243)	(1,404)	(3,847)
Closing balance	(561)	(562)	58	138

The value of treasury stock is in credit at 31 March 2011 due to the Company being able to create value by re-issuing treasury stock at a higher value than at which it was bought back.

Warrants

On 31 August 2010, 43,670,377 new Kingfish warrants (KFLWB) were allotted and listed on the New Zealand Stock Exchange. One new warrant was issued to all eligible shareholders for every two shares held on record date, exercisable at \$0.95. The remaining exercise dates are: Tuesday 24 May 2011, Tuesday 23 August 2011, Thursday 27 October 2011, Tuesday 24 January 2012, Tuesday 24 April 2012, Tuesday 24 July 2012 and Monday 3 September 2012 (Final Exercise Date). Holders can elect to exercise some or all of their warrants on any of these exercise dates subject to a minimum exercise of 500 warrants.

For the year ended 31 March 2011, 617,766 Kingfish warrants were converted into ordinary shares at \$0.95 per share. The fair value of the warrants based on the last trading price at 31 March 2011 was \$0.05 each.

Note 3 - Taxation

	2011 \$000	2010 \$000
(i) Taxation Expense		
Taxable profit before tax	9,898	24,366
Tax effect thereon at 30% (2010: 30%)	2,970	7,310
Non-taxable realised (gain)/loss on investments	(986)	227
Non-taxable unrealised gain on investments	(1,761)	(7,057)
Imputation credits	(730)	(651)
Deferred tax not recognised	594	0
Other	73	86
Taxation expense/(benefit)	160	(85)
<i>Taxation expense/(benefit) comprises:</i>		
- Current tax	12	27
- Deferred tax	148	(112)
	160	(85)
(ii) Current Tax Balance		
Opening balance	0	(156)
Tax paid	0	155
Current tax movements	(12)	(27)
Other	12	28
Current tax	0	0

KINGFISH LIMITED
NOTES TO THE FINANCIAL STATEMENTS CONTINUED
 FOR THE YEAR ENDED 31 MARCH 2011

Note 3 - Taxation continued

On 20 May 2010, the New Zealand Government announced a change in the corporate tax rate from 30% to 28% for the 2011/12 tax year.

	2011 \$000	2010 \$000
(iii) Deferred Tax Balance		
Opening balance	148	64
Recognition and reversal of temporary differences	0	112
Brought forward losses utilised	0	(28)
Write down of deferred tax asset	(148)	0
Deferred tax asset	0	148

A deferred tax asset of \$594,000 for the year ended 31 March 2011 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. There were no unrecognised deferred tax assets at 31 March 2010.

(iv) Imputation Credits

Opening balance	383	1,227
Net imputation credits received	1,043	965
Net imputation credits attached to dividends paid	(1,267)	(1,962)
Taxation paid	0	155
Other	1	(2)
Closing balance	160	383

Note 4 - Retained Earnings

	2011 \$000	2010 \$000
Balance at beginning of year	10,412	(5,820)
Net operating profit after tax attributable to shareholders	9,738	24,451
Dividends paid	(7,628)	(8,219)
Balance at the end of year	12,522	10,412

The following dividends were paid in the years ended 31 March:

	2011 CPS	2010 CPS
June	2.26	3.00
September	2.12	2.05
December	2.11	2.23
March	2.20	2.32
Total dividends for the year	8.69	9.60

KINGFISH LIMITED
NOTES TO THE FINANCIAL STATEMENTS CONTINUED
 FOR THE YEAR ENDED 31 MARCH 2011

Note 5 - Trade and Other Receivables

	2011 \$000	2010 \$000
Interest receivable	1	1
Dividends receivable	199	712
Other receivables and prepayments	6	22
Total Trade and Other Receivables	206	735

Trade receivables are classified as loans and receivables under NZ IAS 39. Total loans and receivables are \$11,760,000 (31 March 2011: \$11,086,000) being cash and cash equivalents plus trade and other receivables.

Note 6 - Trade and Other Payables

	2011 \$000	2010 \$000
Related party payable (note 9)	122	114
Unsettled investment purchases	246	0
Other payables and accruals	36	39
Share buybacks payable	30	54
Total Trade and Other Payables	434	207

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

Note 7 - Investments at fair value through profit or loss

	2011 \$000	2010 \$000
New Zealand listed equity investments	88,922	83,645
Total investments at fair value through profit or loss	88,922	83,645

Although investments at fair value through the 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 market prices from an active market and are classified as Level 1 in the fair value hierarchy.

Note 8 - Available-for-sale financial assets

	2011 \$000	2010 \$000
(i) Total available-for-sale investments		
New Zealand unlisted equity investment (Waterman Holdings)	1,279	2,280
Total available-for-sale investments	1,279	2,280

KINGFISH LIMITED
NOTES TO THE FINANCIAL STATEMENTS CONTINUED
 FOR THE YEAR ENDED 31 MARCH 2011

Note 8 - Available-for-sale financial assets continued

Available-for-sale assets were originally recognised at cost as the Directors believed this was approximate to fair value. Subsequently, this fair value has been assessed by the Directors for each reporting date using recent arm's length sales transactions and other available information. There have been no sales transactions in Waterman Holdings since 4 May 2010, however no other information available suggests that the fair value of these assets is less than the value at the most recent transaction date and the last sales price has been used as an estimate of fair value. This valuation is subjective and requires the judgement of the Directors. 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 2011.

	UNLISTED EQUITIES 2011 \$000	UNLISTED EQUITIES 2010 \$000
(ii) Available-for-sale reconciliation		
Opening balance	2,280	1,480
Reversal of impairment	0	800
Sale of investments	(1,019)	0
Gains recognised in profit and loss	18	0
Closing balance	1,279	2,280
	2011 \$000	2010 \$000
(iii) Available-for-sale reserve		
Balance at beginning of year	800	0
Transfer to Statement of Comprehensive Income on sale of investment	(351)	0
Reversal of impairment	0	800
Balance at end of year	449	800

Waterman Holdings bought back approximately 44% of its shares held by Kingfish. Subsequently, Kingfish's available-for-sale reserve has been reduced by the same percentage.

OTHER DISCLOSURES

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. 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% per annum of the Gross Asset Value, calculated weekly and payable monthly in arrears. This management fee will be reduced by 0.10% for each 1.0% per annum by which the Gross Return achieved on the portfolio during each financial period is less than the change in the NZX 90-Day Bank Bill Index over the same period but subject to a minimum management fee of 0.75% of the average Gross Asset Value for that period. No such adjustment was necessary at 31 March 2011. >>

KINGFISH LIMITED
NOTES TO THE FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 MARCH 2011

Note 9 - Related Party Information continued

Management fees paid or payable (inclusive of GST) to Fisher Funds for the year ended 31 March 2011 totalled \$1,351,806 (31 March 2010: \$1,317,895), with \$121,952 being payable at 31 March 2011 (31 March 2010: \$114,117). During the year to 31 March 2011, the management fee was calculated and invoiced at 1.25% of Gross Asset Value (31 March 2010: 1.25%).

A performance fee may be earned by the Manager provided certain benchmarks and a high water mark test have been met. No performance fee has been earned by the Manager for the year ended 31 March 2011, see note 12 (31 March 2010: Nil).

Kingfish's corporate management team are employed by Fisher Funds to provide management services to Kingfish. The corporate team's remuneration is recharged by Fisher Funds and the cost for the year ended 31 March 2011 was \$110,798 (31 March 2010: \$92,917). These costs do not include any key management personnel compensation.

Administration and marketing costs incurred by Fisher Funds on behalf of Kingfish amount to \$33,422 for year ended 31 March 2011 and were recharged in full to Kingfish (31 March 2010: \$20,226).

The Directors of Kingfish are the only key management personnel and they earn a fee for their services which is disclosed in note 1 (ii) under Directors' fees (only independent Directors earn a Directors fee). The Directors also held shares in the Company at 31 March 2011 which are disclosed in the Statutory Information section of the Annual Report and total 3.35% of total shares on issue (31 March 2010: 3.39%). The Directors did not receive any other benefits which may have necessitated disclosure under *NZ IAS 24 Related Party Disclosures* (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, off-market transactions between Kingfish and other funds managed by Fisher Funds totalled \$2,570,531 for purchases and \$6,410,058 for sales (year ended 31 March 2010: purchases \$971,000 and sales \$2,592,000).

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.

Capital Risk Management

The Company's objective when managing capital is to safeguard its ability to continue as a going concern.

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 its long-term distribution policy of paying out 2% of average Net Asset Value each quarter.

Note 10 - Financial Risk Management Policies continued

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 monthly reporting to the Board of Directors. In addition, the Manager has to meet the criteria of authorised investments within the prudential limits both of which are defined in the management agreement.

The maximum market risk resulting from financial instruments is determined by 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 companies. The following companies individually comprise more than 10% of Kingfish's portfolio at 31 March 2011 and 31 March 2010: Mainfreight and Ryman Healthcare.

Interest Rate Risk

Short-term deposits subject the Company to interest rate risk. The Company invests surplus cash in the New Zealand money market (short-term investments only) and interest income is therefore subject to changes in local interest rates.

The Company may use short-term fixed rate borrowings to fund investment opportunities. There is no hedge against the risk of downward movements in interest rates.

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 with bank, 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 which carry a minimum short-term credit rating of A-1.

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 as necessary by short-term borrowings from a registered bank to a maximum value of 20% of the Gross Asset Value of the Company.

The combined investment portfolio is typically invested 90-95% in equities. >>

KINGFISH LIMITED
NOTES TO THE FINANCIAL STATEMENTS CONTINUED
 FOR THE YEAR ENDED 31 MARCH 2011

Note 11 - Sensitivity Analysis

The sensitivity of the result for the year end and shareholders' equity to reasonably possible changes in market conditions (based on historic trends) at 31 March 2011 and 31 March 2010 is as follows:

2011: COMPANY (\$000)		EQUITY PRICES (i)			
	Carrying Amount	-10%		+10%	
		Profit	Equity	Profit	Equity
Cash and cash equivalents	11,554	-	-	-	-
Investments at fair value (listed)	88,922	(8,892)	(8,892)	8,892	8,892
Available-for-sale investments (unlisted)	1,279	-	-	-	-

2011: COMPANY (\$000)		INTEREST RATE (i)			
	Carrying Amount	-3%		+3%	
		Profit	Equity	Profit	Equity
Cash and cash equivalents	11,554	(347)	(347)	347	347
Investments at fair value (listed)	88,922	-	-	-	-
Available-for-sale investments (unlisted)	1,279	-	-	-	-

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 above sensitivities do not take into account impact on tax balances.

2010: COMPANY (\$000)		EQUITY PRICES (i)			
	Carrying Amount	-10%		+10%	
		Profit	Equity	Profit	Equity
Cash and cash equivalents	10,351	-	-	-	-
Investments at fair value (listed)	83,645	(8,365)	(8,365)	8,365	8,365
Available-for-sale investments (unlisted)	2,280	-	-	-	-

2010: COMPANY (\$000)		INTEREST RATE (i)			
	Carrying Amount	-3%		+3%	
		Profit	Equity	Profit	Equity
Cash and cash equivalents	10,351	(311)	(311)	311	311
Investments at fair value (listed)	83,645	-	-	-	-
Available-for-sale investments (unlisted)	2,280	-	-	-	-

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 above sensitivities do not take into account impact on tax balances.

(i) Based on historic trends, the Directors consider it reasonable that equity prices may move $\pm 10\%$ and that interest rates may move $\pm 3\%$.

KINGFISH LIMITED
NOTES TO THE FINANCIAL STATEMENTS CONTINUED
FOR THE YEAR ENDED 31 MARCH 2011

Note 12 - Performance Fee

The management agreement with Fisher Funds provides for an annual performance fee for outperforming the Benchmark rate 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 the previous calculation period multiplied by the number of shares on issue.

Excess return is defined as the excess above a benchmark return which is the change in the NZX 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 2011.

At 31 March 2011 the net asset value per share of \$1.13 (2010: \$1.12) was below the high water net asset value per share (after adjustment for capital changes and distributions) of \$1.29 (being the highest net asset value per share at the end of the previous calculation period of 31 March 2007 adjusted for any capital changes and distributions).

Accordingly the Company has not accrued a performance fee in its Statement of Comprehensive Income for the year to 31 March 2011 (31 March 2010: Nil).

Note 13 - Net Asset Value

The audited Net Asset Value per share of Kingfish as at 31 March 2011 was \$1.13 per share (31 March 2010: \$1.12).

The audited diluted Net Asset Value per share of Kingfish as at 31 March 2011 was \$1.07 (31 March 2010: \$1.12).

The diluted Net Asset Value describes the effect if all warrants were exercised on the date of calculation of the Net Asset Value at \$0.95.

Note 14 - Contingent Liabilities and Unrecognised Contractual Commitments

There were no material contingent liabilities or unrecognised contractual commitments as at 31 March 2011 (31 March 2010: Nil).

Note 15 - Segmental Reporting

The Company operates in a single business segment being financial investment in New Zealand.

Note 16 - Subsequent Events

On 20 May 2011 the Board declared a dividend of 2.26 cents per share. The record date for this dividend is 10 June 2011 with a payment date of 24 June 2011.

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



Independent Auditor's Report to the shareholders of Kingfish Limited

Report on the Financial Statements

We have audited the financial statements of Kingfish Limited on pages 26 to 43 which comprise the statement of financial position as at 31 March 2011, the statement of comprehensive income, statement of changes in equity and 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 for the preparation of these financial statements in accordance with generally accepted accounting practice in New Zealand and that give a true and fair view of the matters to which they relate 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) and International Standards on Auditing. 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 of financial statements that give a true and fair view of the matters to which they relate, 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 controls. 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.

Other than in our capacity as auditors we have no relationship with, or interests in, Kingfish Limited.



Independent Auditor's Report

Kingfish Limited

Opinion

In our opinion, the financial statements on pages 26 to 43:

- (i) comply with generally accepted accounting practice in New Zealand;
- (ii) comply with International Financial Reporting Standards; and
- (iii) give a true and fair view of the financial position of the Company as at 31 March 2011, and its financial performance and cash flows for the year then ended.

Report on Other Legal and Regulatory Requirements

We also report in accordance with Sections 16(1)(d) and 16(1)(e) of the Financial Reporting Act 1993. In relation to our audit of the financial statements for the year ended 31 March 2011:

- (i) we have obtained all the information and explanations that we have required; and
- (ii) in our opinion, proper accounting records have been kept by the Company as far as appears from an examination of those records.

Restriction on Distribution or Use

This report is made solely to the Company's shareholders, as a body, in accordance with Section 205(1) of the Companies Act 1993. Our audit work has been undertaken so that we might state to the Company's shareholders those matters which we are required to state to them in an auditors' 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.

A handwritten signature in black ink that reads 'PricewaterhouseCoopers' in a cursive, stylized script.

Chartered Accountants
20 May 2011

Auckland

STATUTORY INFORMATION

Directors' Relevant Interests in Equity Securities at 31 March 2011

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 2011 are as follows:

	ORDINARY SHARES		WARRANTS	
	Directly Held	Held By Associated Persons	Directly Held	Held By Associated Persons
J B Miller		11,000		
A M Cotton		53,642		24,995
I Hendry	134,105		62,487	
M T Todd		67,287		31,351
C M Fisher		2,750,560		1,375,280

SHAREHOLDER INFORMATION

SIZE OF SHAREHOLDING AS AT 17 MAY 2011

Size of Holding	# of Shareholders	# of Shares	% of Total
1 to 999	186	92,330	0.1
1,000 to 4,999	1,221	3,434,368	3.8
5,000 to 9,999	1,213	7,939,651	8.8
10,000 to 49,999	1,990	37,514,208	41.6
50,000 to 99,999	174	10,967,823	12.2
100,000 to 499,999	101	17,319,390	19.2
500,000 +	12	12,863,439	14.3
TOTAL	4,897	90,131,209	100.0

20 LARGEST SHAREHOLDERS AS AT 17 MAY 2011

Holder Name	Shares Held	% of Total
ASB Nominees Limited	2,750,560	3.05
Investment Custodial Services Limited	2,277,031	2.53
Custodial Services Limited	1,437,642	1.60
Custodial Services Limited	1,082,319	1.20
Accident Compensation Corporation	750,000	0.83
Custodial Services Limited	721,406	0.80
Murray John Lombard Aldridge + Lesley Ann Aldridge + Nicholas Corporate Trustee Co. Limited	698,882	0.78
FNZ Custodians Limited	576,287	0.64
Forsyth Barr Custodians Limited	567,256	0.63

SHAREHOLDER INFORMATION CONTINUED

20 LARGEST SHAREHOLDERS AS AT 17 MAY 2011 CONTINUED

Holder Name	Shares Held	% of Total
Custodial Services Limited	549,927	0.61
Custodial Services Limited	527,820	0.59
James Alton Jamieson	513,184	0.57
Hubbard Churcher Trust Management Limited	424,267	0.47
Society of Mary Trust Board	405,360	0.45
Lloyd James Christie	400,322	0.44
Neil Sydney Cottle + Marilyn Frances Cottle + Polson Higgs Nominees Limited	350,000	0.39
Barry John Eagle + Verena Turner	317,913	0.35
Donalyn Kathleen Stanleigh Glover + Kay Adela Niepold + Veron ICA House Limited	309,948	0.34
William Francis Glover + Veronica House Limited + Kay Adela Niepold	309,948	0.34
Investment Custodial Services Limited	306,071	0.34
TOTAL	15,276,143	16.95

20 LARGEST WARRANT HOLDERS AS AT 17 MAY 2011

Holder Name	Shares Held	% of Total
ASB Nominees Limited	1,375,280	3.19
Investment Custodial Services Limited	1,130,037	2.62
Colin David Craig Bennett	751,080	1.74
Custodial Services Limited	706,974	1.64
ASB Nominees Limited	700,000	1.63
Possum Equities Limited	600,000	1.39
Paul Jan Kriha	573,907	1.33
Custodial Services Limited	541,159	1.26
ASB Sharebroking Services	361,350	0.84
Custodial Services Limited	359,705	0.84
Custodial Services Limited	285,317	0.66
FNZ Custodians Limited	280,238	0.65
Forsyth Barr Custodians Limited	267,915	0.62
Society of Mary Trust Board	262,381	0.61
James Alton Jamieson	256,592	0.60
Keith Ronald Millar	220,100	0.51
Lloyd James Christie	200,161	0.46
David Michael Savage + Pauline Edna West	197,265	0.46
William Geoffrey Kroon	195,000	0.45
Neil Sydney Cottle + Marilyn Frances Cottle + Polson Higgs Nominees Limited	175,000	0.41
TOTAL	9,439,461	21.91 >>

SHAREHOLDER INFORMATION CONTINUED

DIRECTORS' HOLDING OFFICE

The Company's Directors as at 31 March 2011 were:

- » James Miller (Chairman)
- » Annabel Cotton
- » Ian Hendry
- » Mark Todd
- » Carmel Fisher

During the year, Rob Challinor ceased to hold office. In accordance with the Kingfish Constitution, Annabel Cotton and Carmel Fisher retired by rotation and being eligible were re-elected at the 2010 Annual Shareholders Meeting. Annabel Cotton retires by rotation at the 2011 Annual Shareholders Meeting and being eligible, offers herself for re-election. James Miller and Mark Todd, being eligible, offer themselves for election in accordance with the Company's Constitution.

DIRECTORS' REMUNERATION

The following table sets out the total remuneration received by each Director from Kingfish for the year ended 31 March 2011. 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 2011

Rob Challinor (retired 31 December 2010)	\$30,000
Annabel Cotton	\$30,000
Ian Hendry	\$30,000
James Miller (appointed 14 September 2010)	\$18,897
Mark Todd (appointed 21 March 2011)	\$829

Total amount paid to directors is higher than the pool limit of \$100,000; this is allowable under NZSX Listing Rule 3.5.1 as additional directors have come on to the Board during the year.

* excludes GST

Carmel Fisher does not earn Directors' fees.

EMPLOYEE REMUNERATION

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

SHAREHOLDER INFORMATION CONTINUED

DISCLOSURE OF INTERESTS

General Interest pursuant to section 140 of the Companies Act 1993 as at 31 March 2011

James Miller	Vector Limited	Director
	NZX Limited	Director
	Auckland International Airport Limited	Director
	Barramundi Limited	Director
	Marlin Global Limited	Director
	Craigs Investment Partners	Director
Annabel Cotton	Merlin Consulting Limited	Director
	Barramundi Limited	Director
	Marlin Global Limited	Director
	Anamallai Tea Estates & Ropeway Company Limited	Director
	Riverbend Dairy Farms Limited	Director
	Securities Commission New Zealand	Member
Ian Hendry	Congratulations Limited	Director
	Inverclyde Investments Limited	Director
	No 8 Ventures – 2 Limited	Director
	Barramundi Limited	Director
	Marlin Global Limited	Director
	Seniors Money International Limited	Director
Mark Todd	Barramundi Limited	Director
	Marlin Global Limited	Director
	Bell Gully	Partner
Carmel Fisher	Fisher Funds Management Limited	Director
	Barramundi Limited	Director
	Marlin Global Limited	Director

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.

AUDITOR'S REMUNERATION

During the 31 March 2011 year the following amounts were paid/payable to the auditors – PricewaterhouseCoopers.

	\$000
Audit Fees	38
Other Services	-

DONATIONS

The Company did not make any donations during the period ended 31 March 2011.

KINGFISH LIMITED DIRECTORY

NATURE OF BUSINESS

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

MANAGER

Fisher Funds Management Limited

Level 2
95 Hurstmere Road
Takapuna
Auckland 0622

Chief Financial Officer

Ben Doshi

DIRECTORS

Independent Directors

James Miller (Chairman)
Annabel Cotton
Mark Todd

Director

Carmel Fisher

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
Telephone: 09 488 8777
Email: enquiry@computershare.co.nz

Managing your shareholding online:

To change your address, update your payment instructions, and to view your investment portfolio including transactions, please visit:
www.computershare.co.nz/investorcentre

AUDITORS

PricewaterhouseCoopers

188 Quay Street
Auckland 1010

SOLICITORS

Chapman Tripp

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23 - 29 Albert Street
Auckland 1010

Hesketh Henry

Level 11
41 Shortland Street
Auckland 1010

BANKERS

Australia New Zealand Banking Group Limited

Level 9
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215 – 229 Lambton Quay
Wellington 6011

INVESTOR ENQUIRIES

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