



2009



# Kingfish Limited **Annual Report**

31 March 2009



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## 2009/2010 calendar

<b>Dividend Payable</b>	19 June 2009
<b>June Quarter <i>Update</i> Newsletter</b>	July 2009
<b>Annual Shareholders Meeting</b>	24 July 2009, 10.30am at Guineas Room 1, Ellerslie Event Centre, Auckland
<b>Interim Period End</b>	30 September 2009
<b>Interim Report to 30 September 2009</b>	November 2009
<b>December Quarter <i>Update</i> Newsletter</b>	January 2010



## about the company

**Kingfish Limited** (“Kingfish”) 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 with a track record of successfully investing in small company shares. The company was listed on the New Zealand Exchange in March 2004. Kingfish provides investors with an opportunity to invest in a diversified portfolio of investments through a single company. Kingfish may invest in small companies that are listed on the NZSX, NZAX and unlisted small companies.

## investment objectives

The key investment objectives of Kingfish are to:

- Achieve a high real rate of return over the long-term, 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 smaller 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' report

Directors are disappointed to report a second consecutive year of reduction in Kingfish Limited's Net Asset Value (NAV). The past eighteen months have been challenging for all share market investors as equity market lows were constantly re-tested. Our Manager, Fisher Funds, has continued to carefully monitor Kingfish's investments and their belief in the soundness of our portfolio is reflected in their accompanying report. Turnover in Kingfish shares has been relatively low and we thank shareholders for their continued support as we await confirmation of signs of a return of confidence.



### Performance

The Kingfish NAV, after adjusting for the 4.5 cents per share dividend paid in June 2008, fell 25% in the year to 31 March 2009. The fall-out from the international financial meltdown left few companies unscathed, with both the NZX Small Cap and Mid Cap indices declining 27% and 30% respectively over the twelve months. Kingfish's share price also declined, ending the year to 31 March at 71 cents, down 30%.

Kingfish recorded a net deficit of \$30.8m for the year (2008: \$36.6m deficit) including \$29.5m (2008: \$46.6m deficit) unrealised losses on investments. Operating expenses decreased 29% from the previous year, with approximately half of the savings achieved from reduced management fees. As in the 2008 year, Fisher Funds earned the minimum base management fee of 0.75% of the average value of gross assets under management, rather than the 1.25% payable if benchmark returns are met.

### Dividend

The Board carefully considered the merits of paying a dividend this year in light of the current economic conditions. Our conclusion was that a distribution should be made to match the level of dividends received from portfolio companies during the year. Accordingly on 22 May 2009 we announced a three cents per share dividend in respect to the year ended 31 March 2009. The record date is 5 June 2009 at 5pm and payment is scheduled for 19 June 2009.

Since inception in 2004 Kingfish has declared and paid dividends totalling 18 cents per share. Your Board is keen to continue to deliver a regular income stream to shareholders, with the level being set in accordance with current circumstances.

### Share buybacks

During the year we announced the continuation of the Company's share buyback programme until 31 October 2009. While recognising that each buyback below NAV increases the asset backing of remaining shares, your Board carefully monitors the programmes' implementation. We take into account the discount between the share price and NAV, market trading volumes and share price trends, and our Manager's assessment of investment alternatives. Shares purchased are initially held as Treasury Stock and shown as a deduction from Shareholders' Equity. Treasury stock is available to be re-issued including in respect of the Company's dividend reinvestment plan. At 31 March 2009, approximately two million shares were held as Treasury Stock at an average net cost of 42 cents per share. The Board acknowledges that the share buyback programme may have the effect of increasing Kingfish's share price and closing the share price discount to NAV but such an effect may be short-term. Importantly, by buying back shares a clear message is sent that in the Board's opinion the current share price undervalues the company.

## directors' report CONTINUED

### Renewal of Management Agreement

Earlier this year, your independent Directors reviewed the Manager's performance of "Management Services" as defined in the Management Agreement with Fisher Funds. The Agreement was for an initial term of five years from 31 March 2004 and provided for a continuation for further five year terms. The company was entitled to decline to renew if the Board was dissatisfied with the Manager's performance of "Management Services" as defined in the agreement. The independent Directors considered the comprehensive obligations of the Management Services clauses and concluded that while short-term investment performance had been disappointing as with other NZ equity funds, Fisher Funds had met all its Agreement obligations and the Agreement was renewed in accordance with the terms of the Agreement for a further five years to 31 March 2014.

### Manager's Fees

Details of the basis upon which management and performance fees are payable to Fisher Funds are shown in Notes 9 and 12 to the Financial Statements. No future performance fee is payable until NAV exceeds \$1.68 - the level at which a performance fee was last paid. It is a big hurdle, however Fisher Funds is focused on its investment approach once again delivering over time.

### Investor Relations

We continue to strive for ways to communicate with you more effectively and are committed to updating you regularly on what has been happening in the company. Recently we re-developed the Kingfish website to make it easier for you to find the information you need quickly. Our weekly and monthly NAV's are posted on the home page after each NZX announcement and every three months shareholders either receive an *Update* newsletter on the quarter, or the annual or interim report.

This year the Annual Shareholders Meeting will be held on 24 July and we look forward to the excellent attendance that we have had previously. Our corporate office welcomes your e-mail and phone call enquiries and is your first port of call should you have any matters that you wish to discuss.

### Investment Objective & Philosophy

Kingfish provides a single investment vehicle through which investors may gain access to a portfolio of smaller New Zealand companies. The investment philosophy of Fisher Funds is to thoroughly research and understand each investee company's business, know its management and Board, and identify its sustainable competitive advantage. From this rigorous analysis Fisher Funds has currently selected companies that have a proven track record of growth, with the view to holding them for the longer term.

### Looking ahead

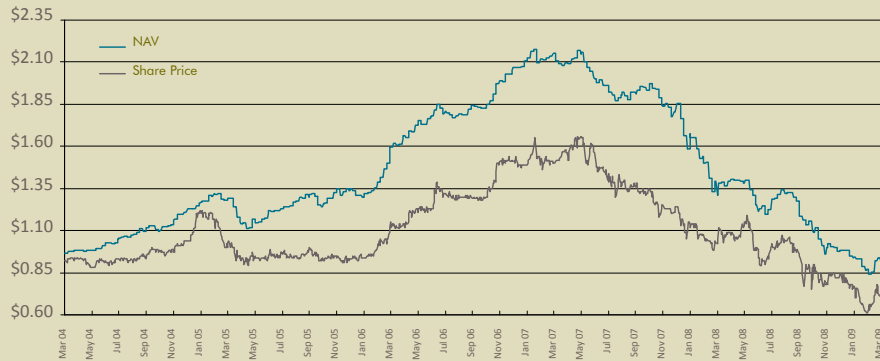
Since balance date, we have witnessed signs of renewed optimism in the equity markets and at the date of this report Kingfish's NAV and share price have lifted. Whether or not this foreshadows better things to come we cannot be sure. While short-term signs of optimism are encouraging, it is the long-term performance of your companies that we hope will eventually be recognised by a recovering share market.

On behalf of the Board,



Rob Challinor | CHAIRMAN | Kingfish Limited | 22 May 2009

### kingfish net asset value and share price performance



Relative Performance 31 March 09	Since Inception	12 months
<b>Kingfish NAV</b>	11.08%*	-25.26%**
90 Day Bank Bill Index (NZD) +7%	104.08%	15.38%
NZSX Small Cap Index (NZSCI)	-12.76%	-27.44%
NZSX Mid Cap Index (NZSEMC)	-8.58%	-29.92%
NZSX 50 Gross Index (NZ50G)	-0.10%	-25.36%

\*including 15cps dividends paid.

\*\*including 4.5cps dividend paid.

	YE 31/03/09	YE 31/03/08	Year Change
Net Asset Value <sup>A</sup> (\$)	0.92	1.31	-29.7%
Share Price (\$)	0.71	1.02	-30.4%

<sup>A</sup>Audited. Not adjusted for dividends paid.



## manager's report

"This time, like all times, is a very good one, if we but know what to do with it."

Ralph Waldo Emerson



Even though the function of an annual report is to summarise the events of the financial year, there seems little value in applying our knowledge and experience to the twelve months that unravelled to 31 March 2009. The year was what it was, a continuation of an economic and share market crisis that began in October 2007. We talked in our September interim report about the investment climate which featured unprecedented volatility, and indiscriminate selling of all assets considered risky. We also said that traditional stock picking and portfolio management techniques mattered little, as this has been a crisis of confidence as much as anything else.

It remains important to focus on the achievements of the companies owned within the Kingfish portfolio - actually just surviving and remaining profitable has been an achievement over the past year. The short summary is that your portfolio companies performed well operationally in the financial year. But in saying that, we acknowledge that the profitability and progress of your companies was not what the March 2009 year was about and it was not reflected in their share price performances. So we can appreciate how you are likely to be feeling as you look at the Kingfish share price and its net asset value.

It is unfortunate that many of the more sensible rules of investing have been so overused as to now seem trite. The time-tested investment principles that have worked through different economic, political and market environments are really the only guidelines that we can rely on these days - everything else has been turned on its head and we are in uncharted territory. The best of these principles centre on choosing good investments, having a diversified portfolio, maintaining a long-term focus and applying a disciplined consistent approach irrespective of market conditions. We have adhered to these principles in the management of the Kingfish portfolio and while our efforts have not been rewarded in the past year, we are confident that they will be in the future. We have chosen good investments and indeed the quality of the management teams has been accentuated in these difficult times – nothing like watching your revenue fall and not knowing when it will recover to sharpen your business skills! The portfolio has been diversified across a number of sectors and we actively altered the sector exposure during the year to make the portfolio more defensive (lower exposure to consumer-oriented businesses and higher exposure to stable sectors such as healthcare). Our long-term focus has allowed us to remain calm as we know that each of the Kingfish companies is very well placed for future profitable growth, even though operating conditions might be difficult right now. We do not believe that our optimism for future performance is misplaced, and the share price performance of a number of the Kingfish portfolio stocks in April provided a glimpse of the prospective performance of undervalued quality companies when investor confidence improves.

The bounce in equity markets around the world since mid-March 2009 is welcome and was overdue in our opinion. Whilst the bounce has been predicated on world economies not deteriorating further (as opposed to getting better), there are hopeful signs that markets are at least stabilising.

### The New Zealand Share Market Environment

Four quarters of negative GDP growth since December 2007 set the scene for a difficult domestic share market environment. Despite the election of a new Government, tax cuts, ongoing reductions in the official cash rate, a lower currency and increased infrastructure spending to stimulate domestic growth, investor sentiment remains fragile.

Whilst world equity market volatility continued unabated during calendar 2008, the new year brought a palpable change in investor sentiment. It would be vastly overstating things to say that investors began 2009 with renewed optimism, but as the new year has progressed there have definitely been signs of improvement; in economies, in businesses and in the mood of investors. The term "green shoots" is in danger of becoming hackneyed but it is a good descriptor for the first three months of 2009 as things generally became less bad – not good, but less bad. >>>

## manager's report continued

For the 2009 year to date, the focus has changed from rear view mirror to windscreen - more about fixing problems and minimising the effects of recession than about who is to blame and what went wrong. Markets do not operate well with uncertainty and much of the fear that prevailed during 2008 was centred on the possibility of deflation, or a prolonged period of falling prices (which is disastrous for share markets). With the implementation of concerted policy measures, it has become apparent that deflation will likely be avoided, leaving "just" a recession to worry about. Recessions are not great, but they can be understood and managed.

Since the end of March, the new equity floodgates have opened coinciding with the bounce in world equity markets. New capital raisings from New Zealand listed companies including Fletcher Building, Sky City Entertainment, Nuplex, Kiwi Income Property Trust and also from two from the Kingfish portfolio, Metlifecare and Freightways, have exceeded \$1 billion. This has already exceeded the equity raised in the whole of calendar 2008. Other companies are also likely to access the equity market during 2009 in our opinion, and we are supportive of companies raising capital if it leaves them well positioned to grow their businesses. We are less supportive of companies that need to raise capital in order to survive, but this is not a concern for the Kingfish companies.

### Portfolio Highlights

As stated previously, we believe that the underlying business models of the Kingfish portfolio companies remain resilient, they have sustainable 'moats' around their businesses and have relatively low debt gearing. We also believe that the portfolio metrics of the Kingfish portfolio remain very attractive. The current one year forward weighted P/E for the portfolio is around 10x, with a net dividend yield of around 5% and forecast earnings growth of 19% (based on consensus analysts' earnings forecasts). The portfolio has modest levels of debt gearing with net debt / EBITDA of 1.8x and interest cover of 7.5x. Two companies (**NZX** and **Opus International Consulting**) have net cash. With these favourable fundamentals, the Kingfish portfolio is comfortably positioned for the year ahead.

**Abano Healthcare** entered the portfolio in May 2008, although it remains a relatively small investment for Kingfish. We like the sector and Abano's focus on private sector revenues particularly in audiology and dental. Abano now has a good track record of working alongside clinicians to mutual advantage. The company recently updated profit guidance for the year ended May 2009 of around 20% growth in net earnings. The Abano Healthcare share price has easily outperformed the broader market since entering the portfolio.

**Wakefield Health** also made a welcome addition to the portfolio in June 2008 and has significantly outperformed the broader market since then. The demand for elective and non-urgent surgery continues to exceed the capacity of centrally funded health services to deliver it. Wakefield Health is well placed to deliver these services at its three private hospitals and is looking to expand given its conservative balance sheet. Net profit for the half year ended 30 September 2008 was up a creditable 36%.

Our retailers, **Pumpkin Patch** and **Michael Hill International**, have had tough years as discretionary spending has virtually dried up. We reduced our holdings in both companies early in the financial year, helping fund our new investments in Abano Healthcare and Wakefield Health. Both retailers' Australian operations have performed significantly better than their New Zealand ones, but this has not been enough to prevent an overall fall in earnings. Pumpkin Patch expanded into the USA at, with the benefit of hindsight, precisely the wrong time and while we expect losses to abate, they will continue for a while yet. Michael Hill International will also incur losses in the US, albeit off a low base. For both, the long-term earnings potential easily justifies a position in the Kingfish portfolio.

Although some negative commentators question the long-term viability of the New Zealand stock market, and in spite of a decline in trading activity, **NZX** has been an exceptional performer. The company has successfully diversified its earnings stream away from the operation of the New Zealand share market, and

## manager's report continued

has had phenomenal success with its greenfield emission trading registry TZ1. At the time of the sale of TZ1 in January 2009, the base case sale price of ~\$66m represented over half of the market capitalisation of NZX. To put this in perspective, the TZ1 business has been developed by NZX over just 18 months at a cost of only \$2.5m. Considerable upside still exists from this investment if TZ1 can achieve its 'earn-out'. NZX achieved 17% growth in net earnings in 2008, with 1Q 2009 net earnings up 40% - a standout performer against the trend in other regional stock exchanges.

In the retirement village sector, our two investments have had polar performances. **Metlifecare** has been a disappointing performer in 2008 and was our worst performing single investment for the year. After expanding too rapidly it got caught in the general property slowdown, and was potentially going to trip its banking covenants, although the underlying business remained resilient. The company raised \$58m in a rights issue and we participated to maintain our shareholding. At the time of writing, the share price has risen to almost double the \$1.08 per share cash issue price. However, the current share price still only represents around half the diluted asset backing, which under International Financial Reporting Standards is effectively independently valued. Conversely, **Ryman Healthcare** continues to prosper, with improved conversion of sales in its newer villages, strong cash flow and consistent development margins. Ryman remains conservatively geared and is now looking at future landbanking opportunities now that land values have fallen significantly. Ryman Healthcare remains our largest investment in the Kingfish portfolio, a position we remain very comfortable with.

**Delegat's** wine export growth has continued unabated, both in volume and value terms. First half 2009 earnings were up a massive 146%, driven by strong demand for its Oyster Bay branded products. Oyster Bay is the biggest selling white wine in Australia, and the number one selling New Zealand wine brand in the UK and Canada. It will have a delayed but significant benefit to future earnings from the fall in the NZ dollar. Wine, or at least well-branded premium wine such as Oyster Bay, has proven relatively resilient to the economic slowdown. Consumers clearly choose to retain some creature comforts in a recession!

**Freightways** and **Mainfreight** have both generally performed well in the economic slowdown. Freightways profitability has been very resilient, assisted by its newly developed Information Management division, which is performing well. Mainfreight has arguably been more impacted by the economic slowdown, but its strong market share and competent management have negated the slowing economies.

**Comvita** has had a difficult environment to bed down new acquisitions (eg Olive Products), as has **Waterman Holdings**, our unlisted private equity investment. The **Rakon** share price has been volatile, reflecting the range of possible earnings outcomes given that most of its sales are in US\$. Rakon has a range of exciting new products which could transform the company if the end-product becomes mass-market (eg femtocells).

We exited our small investment in **Sealegs** during the year. In our opinion, Sealegs has been disappointing as it has failed to successfully commercialise its innovative but specialised launching and retrieval boat.

### Outlook

We don't give much credence to those making statements about the future, because the reality is that nobody can know with any certainty what the next month holds, let alone the next year. We don't expect you to give us any credence for our predictions about the likely direction of the share market either (which is why we don't make them!). But we do believe that when we talk about the companies in which we invest, we have some credibility because we have made it our business to know these businesses better than any other investor. It is our belief that the companies owned within the Kingfish portfolio are better placed than most to use their competitive strengths to grow market share, grow profits and therefore attract investor support in the coming years. Their share prices might lag, might be volatile and from time to time, might get completely out of kilter with the fundamental value of the business but, in time, their achievements will be reflected in a higher share price. >>>

S

**strength of the business**

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

T

**track record**

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

E

**earnings history**

How fast has the company been able to grow its earnings in the past? How consistent has earnings growth been? 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.

E

**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.

P

**people/management**

Who is the management team and how long have they been in their roles? Who are the directors, what is their history with the company, and what do they bring to the board? What is the depth of management in the organisation and is there a succession plan for the key executive roles? Does the management team own shares in the business and how are they rewarded? For us, the quality of the company management and its corporate governance is of paramount importance.

P

**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 STEEPP analysis, we constructed and maintained a portfolio which comprised 14 securities at the end of March 2009.**

## manager's report CONTINUED

### Portfolio Holdings Summary, as at 31 March 2009

listed companies	% Holding
Abano Healthcare	1.4
Comvita	1.2
Delegats	7.8
Freightways	9.6
Mainfreight	14.7
Metlifecare	7.3
Michael Hill	5.4
NZ Exchange	6.9
Opus International	3.2
Pumpkin Patch	4.5
Rakon	1.9
Ryman Healthcare	19.4
Wakefield Hospital	5.1
non-listed companies	
Waterman Holdings	2.9
<b>Equity Total</b>	<b>91.3</b>
New Zealand dollar Cash	8.7
<b>Cash Total</b>	<b>8.7</b>
<b>TOTAL</b>	<b>100.0%</b>



Carmel Fisher | MANAGING DIRECTOR | Fisher Funds Management Ltd | 22 May 2009

#### 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 2009.

## abano healthcare

### What does it do?

Abano is a specialist medical and healthcare organisation offering services in the areas of audiology, dental, diagnostics and rehabilitation. Its clinics extend across a range of residential, medical and community facilities throughout New Zealand, Australia and, to a limited extent, 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**                      \$103m

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## comvita

### What does it do?

Comvita develops and sells a range of therapeutic merchandise based on manuka honey and bee products, along with olive tree extracts in New Zealand, Australia and internationally.

### Why do we own it?

We are interested in the company's initiatives in the areas of manuka wound dressings and olive tree health supplements. The company has real growth potential if it can successfully commercialise its unique natural health supplement businesses.

**Market Capitalisation**                      \$25m

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## delegat's group

### What does it do?

Delegat's has established itself as a global marketer of super premium wine, selling under the well known Oyster Bay and Delegat's Reserve labels. Oyster Bay is the number one selling New Zealand wine brand in the UK, Australia and Canada.

### Why do we own it?

Delegat's continues to demonstrate its ability to achieve volume and value growth, leading to strong growth in earnings – testimony to the valuable niche that the Oyster Bay brand has created.

**Market Capitalisation**                      \$206m

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### 2008 financials at a glance:

**2008 Profit**                                      \$7.8m

**2008 Dividend Yield**                      3%

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### 2008 financials at a glance:

**2008 Loss**                                      \$3.4m

**2008 Dividend Yield**                      0%

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### 2008 financials at a glance:

**2008 Profit**                                      \$19m

**2008 Dividend Yield**                      3%

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## Freightways

### 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 courier market. The company is a strong, successful operator with highly resilient earnings. We rate the management team and board very highly and like the move into the information management industry.

**Market Capitalisation** \$380m

#### 2008 financials at a glance:

**2008 Profit** \$32m

**2008 Dividend Yield** 6%



### mainfreight

#### What does it do?

Mainfreight is in the business of global supply chain logistics. 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.

#### Why do we own it?

We have owned Mainfreight shares for a number of years and greatly respect the management team and directors of the company. Growth will come organically and through judicious acquisitions as it seeks its goal of becoming a global logistics provider.

**Market Capitalisation** \$409m

#### 2008 financials at a glance:

**2008 Profit** \$41m

**2008 Dividend Yield** 4%



### 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.

**Market Capitalisation** \$185m

#### 2008 financials at a glance:

**2008 Loss** \$54m\*

**2008 Dividend Yield** 5%

\*(includes unrealised fair value adjustment of -\$63m)





## michael hill international

### What does it do?

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

### Why do we own it?

We have owned Michael Hill shares for many years and have been impressed with the company's policy of controlled profitable growth. The company has survived and indeed flourished in the competitive New Zealand and Australian retail markets, and we believe it has great potential in Canada and beyond.

**Market Capitalisation** \$172m



## nz exchange

### What does it do?

NZX operates both equity and debt exchanges as well as related registry services, passive investment funds and data distribution. It also has a range of interesting strategic investments in related areas.

### Why do we own it?

We own NZX because of its virtual monopolistic position. We like its diversified revenue streams, which has enabled it to increase profits even in equity market downturns. We also like its entrepreneurial ability to create significant shareholder value from its investments.

**Market Capitalisation** \$165m



## opus international

### What does it do?

Opus is an international multidisciplinary infrastructure consultancy providing asset development and asset management solutions to the infrastructure sector.

### 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 work in New Zealand and other countries.

**Market Capitalisation** \$165m

### 2008 financials at a glance:

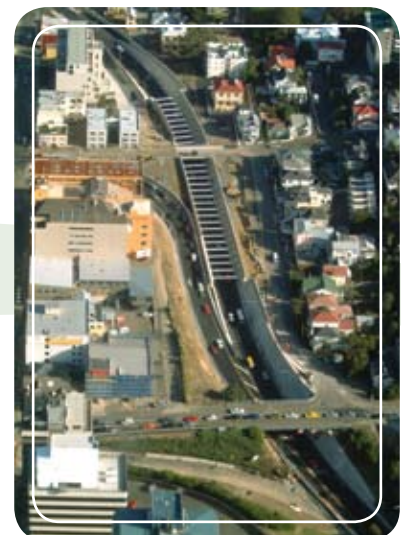
<b>2008 Profit</b>	\$25m
<b>2008 Dividend Yield</b>	7%

### 2008 financials at a glance:

<b>2008 Profit</b>	\$10m
<b>2008 Dividend Yield</b>	4%

### 2008 financials at a glance:

<b>2008 Profit</b>	\$17m
<b>2008 Dividend Yield</b>	5%





## pumpkin patch

### What does it do?

Pumpkin Patch is a specialist childrenswear brand and retailer. 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?

We invested in Pumpkin Patch because we recognised it as a retail brand that had significant growth potential. We rate the company's design skills and successful product and retail store-format differentiation.

**Market Capitalisation** \$171m

### 2008 financials at a glance:

**2008 Profit** \$17m

**2008 Dividend Yield** 7%



## rakon

### What does it do?

Rakon is a world leader in the development and production of high performance quartz crystal components used in demanding applications, such as global positioning systems (GPS) and wireless communications.

### Why do we own it?

Applications for GPS equipped devices will continue to increase in such areas as personal navigation devices, cell phones, location based digital camera images and emerging femtocell technology.

**Market Capitalisation** \$155m

### 2008 financials at a glance:

**2008 Profit** \$9.1m

**2008 Dividend Yield** 0%



## ryman healthcare

### What does it do?

Ryman Healthcare was formed in 1984 to develop, construct and operate retirement villages in New Zealand. Initially operations were confined to the South Island but since 1997 expansion into the North Island has included development of properties in Wellington, Hamilton, New Plymouth, Napier, Auckland, Whangarei and elsewhere.

### 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 a large landbank for further developments.

**Market Capitalisation** \$705m

### 2008 financials at a glance:

**2008 Profit** \$73m

**2008 Dividend Yield** 4%





## wakefield health

### What does it do?

Wakefield Health operates three private hospitals in Wellington (2) and Hastings. Its thirteen operating theatres are used largely for elective and non-urgent surgery, mainly funded through the private sector.

### 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 characterized as "Ageing, Active and Aware", creates a demand that exceeds the capacity of centrally funded health services to deliver.

**Market Capitalisation**                      \$126m

### 2008 financials at a glance:

<b>2008 Profit</b>	\$7.9m
<b>2008 Dividend Yield</b>	2%



## waterman holdings ltd

### What does it do?

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

### 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.

### 2008 financials at a glance:

<b>2008 Profit</b>	\$2.0m
<b>2008 Dividend Yield</b>	5%



## board of directors

### **Rob Challinor | Chairman | BCom, FCA, FCIS, CMA, AFInst D**

Rob has over 25 years experience as a director of numerous public and private companies. His directorships include Barramundi Limited (Chairman), Marlin Global Limited (Chairman), The Warehouse Group Limited and CDL Investments New Zealand Limited. Rob is a retired partner and consultant to investment bankers Northington Partners Limited. Former directorships include Ports of Auckland Limited, Electricity Corporation of New Zealand Limited, Mighty River Power Limited (Chairman), National Australia Bank New Zealand Limited, Sheffield Limited (Chairman), Television New Zealand Limited and Tower Health and Life Limited (Chairman). Earlier in his career he was a Deloitte partner and a corporate finance advisor. His principal place of residence is Auckland.



### **Ian Hendry | Independent Director | FCII, APMI**

Ian has over 40 years experience in the financial services industry and held senior management positions with a major UK insurance company in London and Hong Kong before coming to New Zealand in 1988 to become a co-founder of Sovereign Limited. Ian was Group Managing Director at the time of Sovereign's IPO in 1998 and for three years after its acquisition by ASB Bank later that year. Ian is a Fellow of the Chartered Insurance Institute and is a director of Barramundi Limited, Marlin Global Limited and Seniors Money International Limited and has also served as a director of the Investment Savings and Insurance Association of New Zealand. His principal place of residence is Auckland.



### **Annabel Cotton | Independent Director | BMS, ACA, CSAP**

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 Member of the Securities Commission and a director of Barramundi Limited, Marlin Global Limited, Genesis Power Limited and a number of private companies. In May 2009, Annabel was appointed Commissioner for Financial Advisers. Annabel's principal place of residence is Hamilton.



### **Carmel Fisher | Executive Director | BCA**

Carmel established Fisher Funds Management Limited in 1998 and is also a director of Barramundi Limited and Marlin Global Limited. Carmel's interest and involvement in the New Zealand sharemarket span 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 (“Kingfish”, “the Company”) recognises the need for strong corporate governance practices and has adopted a comprehensive corporate governance code. This code meets the required corporate governance principles under the NZX Corporate Governance Best Practice Code and the Securities Commission Corporate Governance Principles.

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.

### Role and Composition of the Board

Kingfish retains a separate Board of Directors from the Manager, Fisher Funds Management Limited. The Board aims to ensure that shareholders’ interests are held paramount.

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.

A key responsibility of the Kingfish Board is to monitor the performance of the Manager on an ongoing basis.

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

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

The Board currently comprises three non-executive Directors including the Chairman and one executive Director. The Board determined that at balance date all non-executive Directors are independent in terms of the New Zealand Exchange requirements.

### Independent Directors

- Rob Challinor (Chairman)
- Annabel Cotton
- Ian Hendry

### Director

- Carmel Fisher

Profiles of the individual Directors can be found on pg 17.

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.

The Board met eleven times during the year and received papers, including regular reports from the Corporate Manager 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.

## corporate governance statement CONTINUED

board members	meetings attended
Rob Challinor - Chairman	11
Ian Hendry	11
Annabel Cotton	11
Carmel Fisher	10
<b>Meetings held</b>	<b>11</b>

The Board conducts an annual review of Board performance. This review is designed to measure performance through peer review and self assessment.

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) retire by rotation at the Annual Shareholders Meeting. As the current Kingfish Directors were appointed on the same day, they retire in the order determined by lot.

### Board Committees – Audit Committee

The Kingfish Audit Committee has been established to focus on audit and risk management and specifically addresses responsibilities relative to financial reporting and regulatory conformance.

The Audit Committee is accountable for ensuring the performance and independence of the external auditors – PricewaterhouseCoopers. The Audit Committee also recommends to the Board which services other than the statutory audit, may be provided by PricewaterhouseCoopers as auditors.

The Audit Committee comprises Annabel Cotton (Chairman), Ian Hendry and Rob Challinor. 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 - Chairman	2
Ian Hendry	1
Rob Challinor	2
<b>Meetings held</b>	<b>2</b>

The Audit Committee may have in attendance such members of management including the Kingfish Corporate Manager, a representative from the Manager, Fisher Funds and such other persons including the external auditors, 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](http://www.kingfishlimited.co.nz)

### Other Committees

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

### Risk Management and Internal Control

The Board has overall responsibility for Kingfish's risk management and internal control systems. Kingfish has in place policies and procedures to identify areas of significant business risk and implement procedures to effectively manage those risks. Key risk management tools used by Kingfish include the Audit Committee function, outsourcing of certain functions to experts, internal controls,

## corporate governance statement CONTINUED

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](http://www.kingfishlimited.co.nz)

### **Ethical Conduct**

Kingfish has adopted a policy of business ethical conduct that is designed to formalise its commitment to the highest standards of ethical conduct and to provide all Directors and representatives with clear guidance on those standards. These are governed by the Code of Ethics, Conflicts of Interest Policy and the Insider Trading Policy.

The Code of Ethics details the ethical and professional behavioural standards required of the Directors and the Corporate Manager. The code also provides the means for proactively addressing and resolving potential ethical issues.

The Conflicts of Interest Policy details the process to be adopted for identifying conflicts of interest and the actions that should be taken.

The Insider Trading Policy details the procedure whereby Kingfish Directors may trade in Kingfish shares and take up shares purchased under the Dividend Reinvestment Plan. Directors may not trade in Kingfish shares when they have price sensitive information that is not publicly available. In addition, except where the Directors have the permission of the Board, the Directors 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.

The Company maintains an Interest's Register in which the particulars of certain transactions and matters involving Directors must be recorded. Details of all matters entered into the register by individual Directors is outlined on page 40.

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](http://www.kingfishlimited.co.nz)

### **Investor Relations**

The Board recognises the importance of providing comprehensive and timely information to shareholders.

Kingfish maintains an up to date website [www.kingfishlimited.co.nz](http://www.kingfishlimited.co.nz) including making available the most recent NAV that is released to the NZX 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 Interim Report and the Quarterly Shareholders *Update* Newsletter.

The release of the Annual Report is followed by the Annual Shareholders Meeting which the Board recognises as an important forum at which the shareholders can meet and question the Board. 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 24 July 2009 at 10.30am at the Ellerslie Events Centre in Auckland. Full participation of shareholders is encouraged at the Annual Shareholders Meeting to ensure a high level of accountability and identification with the company's strategies and goals. Shareholders are encouraged to submit questions in writing prior to the meeting.

## corporate governance statement CONTINUED

PricewaterhouseCoopers as external auditors to Kingfish are invited to attend this year's ASM and will be available to answer questions about the conduct of the audit, preparation and content of the auditor's report and accounting policies adopted by the Company.

### Stakeholder Interests

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 2009

We have pleasure in presenting the financial statements for Kingfish Limited for the year ended 31 March 2009.

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 2009 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 22 May 2009.

**Rob Challinor | Chairman**

**Carmel Fisher**

**Annabel Cotton**

**Ian Hendry**



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**INCOME STATEMENT**

FOR THE YEAR ENDED 31 MARCH 2009

	NOTES	2009	2008
		\$000	\$000
Interest income		529	353
Dividend income		3,031	2,650
Other income		0	2
Net changes in fair value of investments	1(i)	(32,947)	(37,580)
<b>Total net income</b>		<b>(29,387)</b>	<b>(34,575)</b>
Operating expenses	1(ii)	(1,491)	(2,089)
<b>Operating loss before tax</b>		<b>(30,878)</b>	<b>(36,664)</b>
Income tax benefit	3(i)	119	18
<b>Net operating loss after tax</b>		<b>(30,759)</b>	<b>(36,646)</b>
<b>Earnings per share</b>			
<b>Basic earnings per share</b>			
Loss attributable to equity holders of the Company (\$000)		(30,759)	(36,646)
Weighted average number of ordinary shares on issue net of treasury stock ('000)		84,598	64,628
		<b>\$(0.36)</b>	<b>\$(0.57)</b>
<b>Diluted earnings per share</b>			
Loss attributable to equity holders of the Company (\$000)		(30,759)	(36,646)
Weighted average number of ordinary shares on issue net of treasury stock and adjusted for exercise of warrants ('000)			
- Ordinary shares on issue		84,598	64,628
- Warrants on issue		0	46,708
		<b>84,598</b>	<b>111,336</b>
		<b>\$(0.36)</b>	<b>\$(0.33)</b>

The Accounting Policies set out on pages 28 to 31 and the Notes to the Financial Statements set out on pages 32 to 38 should be read in conjunction with this Income Statement.

KINGFISH LIMITED

## STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2009

	NOTES	2009	2008
		\$000	\$000
<b>Loss for the year attributable to equity holders</b>		<b>(30,759)</b>	<b>(36,646)</b>
Total recognised income and expenses		(30,759)	(36,646)
<b>Contributions from owners</b>			
- Ordinary shares	2	1,535	895
- Warrants exercised	2	0	26,403
- Transfer to share capital from reserve for issue of shares for performance fee	2	0	1,994
<b>Distribution to owners</b>			
- Dividends paid		(3,789)	(2,263)
- Share and warrant buybacks	2	(527)	(4,349)
<b>Other Reserve</b>			
- Transfer from reserve to share capital		0	(1,994)
<b>Movements in equity for the year</b>		<b>(33,540)</b>	<b>(15,960)</b>
Equity at beginning of year		111,739	127,699
<b>Equity at end of year</b>		<b>78,199</b>	<b>111,739</b>

The Accounting Policies set out on pages 28 to 31 and the Notes to the Financial Statements set out on pages 32 to 38 should be read in conjunction with this Statement of Changes in Equity.

**BALANCE SHEET**

AS AT 31 MARCH 2009

	NOTES	2009	2008
		\$000	\$000
<b>ASSETS</b>			
<b>Current Assets</b>			
- Cash and cash equivalents		6,510	21,293
- Trade and other receivables	5	889	2,269
- Investments at fair value through profit or loss	7	69,554	88,980
<b>Total Current Assets</b>		<b>76,953</b>	<b>112,542</b>
<b>Non-current Assets</b>			
- Available-for-sale financial assets	8	1,480	750
- Deferred tax asset	3 (iii)	64	0
<b>Total Non-current Assets</b>		<b>1,544</b>	<b>750</b>
<b>Total Assets</b>		<b>78,497</b>	<b>113,292</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
- Trade and other payables	6	142	567
- Current tax payable	3 (ii)	156	928
<b>Total Current Liabilities</b>		<b>298</b>	<b>1,495</b>
<b>Non-current Liabilities</b>			
- Deferred tax liability	3 (iii)	0	58
<b>TOTAL LIABILITIES</b>		<b>298</b>	<b>1,553</b>
<b>EQUITY</b>			
- Share capital	2	84,019	83,011
- (Accumulated losses)/retained earnings	4	(5,820)	28,728
<b>TOTAL EQUITY</b>		<b>78,199</b>	<b>111,739</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>78,497</b>	<b>113,292</b>

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



R L Challinor | Director | 22 May 2009



A M Cotton | Director | 22 May 2009

The Accounting Policies set out on pages 28 to 31 and the Notes to the Financial Statements set out on pages 32 to 38 should be read in conjunction with this Balance Sheet.

**CASH FLOW STATEMENT**

FOR THE YEAR ENDED 31 MARCH 2009

	2009	2008
	\$000	\$000
<b>Operating Activities</b>		
<i>Cash was provided from:</i>		
- Sale of investments	12,551	19,900
- Interest received	540	341
- Dividends received	3,061	2,714
- Other income	0	5
<i>Cash was applied to:</i>		
- Purchase of investments	(27,071)	(18,773)
- Operating expenses	(1,749)	(5,114)
- Interest paid	0	(129)
- Taxes paid	(779)	8
<b>Net cash outflows from operating activities</b>	<b>(13,447)</b>	<b>(1,048)</b>
<b>Financing Activities</b>		
<i>Cash was provided from:</i>		
- Proceeds from share issues	0	266
- Proceeds from warrant exercise	1,444	19,928
- Borrowings	0	15,000
<i>Cash was applied to:</i>		
- Share and warrant buybacks	(527)	(4,056)
- Borrowings repaid	0	(15,000)
- Dividends paid (net of dividends reinvested)	(2,253)	(1,373)
<b>Net cash (outflow)/inflow from financing activities</b>	<b>(1,336)</b>	<b>14,765</b>
<b>Net (decrease)/increase in cash and cash equivalents held</b>	<b>(14,783)</b>	<b>13,717</b>
Cash and cash equivalents at beginning of year	21,293	7,576
<b>Cash and cash equivalents at end of year</b>	<b>6,510</b>	<b>21,293</b>

All cash balances comprise short-term cash deposits.

The Accounting Policies set out on pages 28 to 31 and the Notes to the Financial Statements set out on pages 32 to 38 should be read in conjunction with this Cash Flow Statement.

**CASH FLOW STATEMENT** CONTINUED

FOR THE YEAR ENDED 31 MARCH 2009

	2009	2008
	\$000	\$000
<b>Reconciliation of operating loss after tax to net cash flows from operating activities</b>		
<b>Net loss after tax</b>	<b>(30,759)</b>	<b>(36,646)</b>
<i>Items not involving cash flows:</i>		
- Change in deferred tax	(122)	(952)
- Other	0	6
- Loss on revaluation of fair value through profit or loss financial assets	29,504	46,603
	<b>29,382</b>	<b>45,657</b>
<b>Impact of changes in working capital items</b>		
- Decrease in fees and other payables	(425)	(2,123)
- Increase in interest, dividends and other receivables	(64)	(1,746)
- (Decrease)/increase in current tax payable	(772)	928
- Decrease in current tax receivable	0	3
	<b>(1,261)</b>	<b>(2,938)</b>
<b>Items classified as financing activities and investments</b>		
- Realised gains/(losses) on investments	3,443	(9,023)
- Net amount (paid for)/received from investments	(14,520)	1,127
- Decrease/(increase) in purchases of investments payable	110	(110)
- Increase in investment sales receivable	158	0
- Movements in payables attributable to financing activities	0	(295)
- Movements in receivables attributable to exercise of warrants	0	1,180
	<b>(10,809)</b>	<b>(7,121)</b>
<b>Net cash outflows from operating activities</b>	<b>(13,447)</b>	<b>(1,048)</b>

The Accounting Policies set out on pages 28 to 31 and the Notes to the Financial Statements set out on pages 32 to 38 should be read in conjunction with this Cash Flow Statement.

# STATEMENT OF ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 MARCH 2009

## general information

### Entities Reporting

Kingfish Limited (the "Company") amalgamated with its subsidiaries, Kingfish Holdings Limited and Kingfish Nursery Limited on 31 August 2007 with Kingfish Limited continuing as the amalgamated entity. The amalgamation was effected as a short-form amalgamation under the Companies Act 1993. The financial statements for 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 Limited is a limited liability company, incorporated under the Companies Act 1993 on 30 January 2004.

Kingfish Limited 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 22 May 2009.

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 2009.

### Statement of Compliance

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

NZ IFRS 8: Operating Segments has been adopted early by the Company and replaces NZ IAS 14 Segment Reporting. There has been no impact on the segmental reporting by the Company as a result of the adoption of NZ IFRS 8.

NZ IAS 1 (Revised) Presentation of Financial Statements has been issued, effective for annual periods commencing on or after 1 January 2009, and this standard has not been adopted early by the Company. This standard requires the preparation of a Statement of Comprehensive Income and certain changes to the presentation of the Statement of Changes in Equity; however, there will be no impact on the measurement of amounts recognised in the financial statements. The Company intends to adopt this standard for the interim reporting period ending 30 September 2009.

### Summary of significant accounting policies

The accounting policies that materially affect the recognition, measurement and disclosure of items in the Income Statement, Balance Sheet, Statement of Changes in Equity and Cash Flow Statement 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.

**STATEMENT OF ACCOUNTING POLICIES** CONTINUED

FOR THE YEAR ENDED 31 MARCH 2008

**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:

- (a) The measurement of deferred tax liabilities and assets that reflect 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.
- (b) The fair value of available-for-sale financial assets disclosed in these financial statements are based on historical experience 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 transaction values. Actual results may differ from these estimates; however the Directors believe that any difference is unlikely to be significant.

**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 New Zealand equivalent to International Accounting Standard 39 ("NZ IAS 39").

**Cash Flow Statement**

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

- (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 Income Statement 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 performance fees paid to Fisher Funds Management Limited (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 Income Statement. 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.

**Income Tax**

Current tax is calculated by reference to the amount of income taxes payable or recoverable in tax loss 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.

# STATEMENT OF ACCOUNTING POLICIES CONTINUED

FOR THE YEAR ENDED 31 MARCH 2009

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.

### **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 Income Statement 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 Income Statement 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 Income Statement 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.

# STATEMENT OF ACCOUNTING POLICIES CONTINUED

FOR THE YEAR ENDED 31 MARCH 2009

The Company assesses at each balance sheet 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 Income Statement. Impairment losses recognised in the Income Statement on equity instruments are not reversed through the Income Statement.

## 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 estimated realisable value after providing against debts where collection is doubtful. Receivables are assessed on a case by case basis for impairment.

## Trade Payables

Trade payables are initially recognised at fair value and subsequently measured at amortised cost.

## Borrowings

Borrowings are initially recognised at principal value on draw down net of transaction costs.

Subsequent to initial recognition, borrowings are measured at amortised cost using the effective interest rate method.

## Financial Instruments

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

## 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 internal reports that are regularly reviewed by the Chief Operating Decision Maker, which for the Company is deemed to be the Board of Directors, 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 in issue during the year. See the Income Statement for the earnings per share calculations.

## 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 reissued which increases share capital by the fair value of the shares on issue date.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2009

## Note 1 - Income Statement

	2009 \$000	2008 \$000
<b>(i) Realised and Unrealised Gains and Losses</b>		
<b>Investment (losses)/gains</b>		
<i>Investments designated at fair value through profit of loss</i>		
- Unrealised	(28,704)	(46,603)
- Realised	(3,443)	9,023
<i>Available-for-sale financial assets</i>		
- Impairment (note 8)	(800)	0
<b>Total losses</b>	<b>(32,947)</b>	<b>(37,580)</b>
<b>(ii) Operating Expenses</b>		
Audit fees	34	29
Auditor's fees for audit-related work	0	13
Directors' fees	108	108
Manager's fees (note 9)	749	1,045
Other expenses	600	894
<b>Total operating expenses</b>	<b>1,491</b>	<b>2,089</b>

## Note 2 - Share Capital

**Ordinary shares**

As at 31 March 2009 (and 31 March 2008) there were 86,636,917 fully paid Kingfish shares on issue, including treasury stock of 1,958,338 shares (31 March 2008: 2,831,043). 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.

	2009 \$000	2008 \$000
Opening balance	83,011	58,068
Proceeds of shares issued	1,535	895
Transfer from reserve to share capital	0	1,994
Warrants exercised	0	26,403
Share buybacks held as treasury stock	(527)	(3,192)
Warrant buybacks	0	(1,157)
<b>Closing balance</b>	<b>84,019</b>	<b>83,011</b>

**Treasury stock**

On 31 October 2008 Kingfish Limited 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.

	2009 \$000	2008 \$000	2009 '000	2008 '000
Opening balance	1,840	642	2,831	957
Share buybacks	527	3,192	544	2,801
Shares re-issued under dividend reinvestment plan	(1,535)	0	(1,417)	0
Shares re-issued re 2007 performance fee	0	(1,994)	0	(927)
<b>Closing balance</b>	<b>832</b>	<b>1,840</b>	<b>1,958</b>	<b>2,831</b>

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2009

## Note 3 - Taxation

	2009 \$000	2008 \$000
<b>(i) Taxation Expense</b>		
<b>Net loss before tax</b>	<b>(30,878)</b>	<b>(36,664)</b>
Tax effect thereon at 30% (2008: 33%)	(9,263)	(12,099)
Non-taxable realised loss/(gain) on investments	1,034	(2,975)
Unrealised loss not assessable	8,851	15,378
Transitional PIE taxable income	0	1,836
Taxable realised gains (pre PIE)	0	(1,723)
Imputation credits	(771)	(577)
Other	30	142
<b>Taxation benefit</b>	<b>(119)</b>	<b>(18)</b>
<i>Taxation benefit comprises:</i>		
Current tax	3	934
Deferred tax	(122)	(952)
	<b>(119)</b>	<b>(18)</b>
<b>Current Tax Assets and Liabilities</b>		
<b>(ii) Current tax</b>		
Opening balance	(928)	3
Tax paid	779	8
Other current tax movements	(3)	902
Transitional PIE taxable income	0	(1,836)
Foreign investor tax credit	0	(6)
Prior period adjustment	(4)	1
<b>Current tax payable</b>	<b>(156)</b>	<b>(928)</b>
<b>(iii) Deferred tax</b>		
Opening balance	(58)	(1,010)
Recognition and reversal of timing differences	9	2,006
Tax losses utilised	0	(938)
Excess imputation credits	113	0
Prior period adjustment	0	(116)
<b>Deferred tax asset/(liability)</b>	<b>64</b>	<b>(58)</b>
<b>(iv) Imputation Credits</b>		
Opening balance	1,185	1,424
Net imputation credits received	1,102	861
Net imputation credits attached to dividends paid	(1,839)	(1,108)
Taxation paid	779	8
<b>Closing balance</b>	<b>1,227</b>	<b>1,185</b>

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2009

## Note 4 - (Accumulated Losses)/Retained Earnings and Other Reserve

	2009 \$000	2008 \$000
Balance at beginning of period	28,728	67,637
Operating loss for the period	(30,759)	(36,646)
Dividends paid and provided	(3,789)	(2,263)
<b>Balance at the end of period</b>	<b>(5,820)</b>	<b>28,728</b>

Dividends of 4.5 cents per share were paid in June 2008 (June 2007: 3.5 cents per share).

**Other reserve**

Balance at beginning of period	0	1,994
Transfer from reserve to share capital relating to shares issued as part payment of Manager's performance fee	0	(1,994)
<b>Balance at the end of period</b>	<b>0</b>	<b>0</b>

## Note 5 - Trade and Other Receivables

	2009 \$000	2008 \$000
Interest receivable	1	12
Dividends receivable	163	193
Cash receivable on warrants exercised	0	1,444
Unsettled investment sales	158	0
Related party receivable (note 9)	551	620
Other Prepayments	16	0
<b>Total Trade and Other Receivables</b>	<b>889</b>	<b>2,269</b>

Trade receivables are classified as loans and receivables under NZ IAS 39. Total loans and receivables are \$7,399,000 (31 March 2008: \$23,562,000) being cash plus trade and other receivables.

## Note 6 - Trade and Other Payables

	2009 \$000	2008 \$000
Manager's fee payable	91	110
Unsettled investment purchases	0	110
Accruals and other payables	51	347
<b>Total Trade and Other Payables</b>	<b>142</b>	<b>567</b>

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

	2009 \$000	2008 \$000
<i>Investments at fair value through profit or loss are summarised as follows:</i>		
New Zealand listed equity investments at cost	71,186	62,052
Unrealised (losses)/gains on New Zealand listed equity investments	(1,632)	26,928
<b>Total investments at fair value through profit or loss</b>	<b>69,554</b>	<b>88,980</b>

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

# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2009

## Note 8 - Available-for-sale financial assets

	2009 \$000	2008 \$000
<i>Investments in unlisted companies are held as available-for-sale assets</i>		
New Zealand unlisted equity investments at cost	2,280	750
Adjustments for impairment to value of unlisted companies	(800)	0
<b>Total available-for-sale investments</b>	<b>1,480</b>	<b>750</b>

Available-for-sale assets were recognised at cost as the Directors believed this was approximate to fair value on purchase. This cost has been assessed for subsequent impairment at each reporting date using recent arm's length sales transactions.

## 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 Limited is Fisher Funds Management Limited. Fisher Funds Management Limited is a related party by virtue of the Manager's common directorship and a management contract. Management fees paid or payable (inclusive of GST) to Fisher Funds Management Limited for the year ended 31 March 2009 totalled \$748,633 (31 March 2008: \$1,045,000).

The management agreement with Fisher Funds Management Limited 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.

At 31 March 2009 the Gross Return for the twelve-month period was less than the change in the NZX 90-Day Bank Bill Index over the same period. The annual management fee shall be calculated by the Custodian within 20 business days of the end of the financial year and any amount required to be refunded by the Manager shall be repaid by way of set off against future management fee payments due. At balance date an adjustment was made to include a prepayment of \$550,690 (31 March 2008: \$619,200) relating to the provisional payment of the management fee. The prepayment arose because the management fee was paid at 1.25% of Gross Asset Value and adjusted at year end to 0.75% as per the management agreement.

In addition, the management agreement provides for the payment of a performance fee to the Manager under certain circumstances. No performance fee has been earned by the Manager for the twelve months ended 31 March 2009, see Note 12 (31 March 2008: Nil).

### Note 10 - Financial Risk Management Policies

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

The Management Agreement between Kingfish Limited and Fisher Funds Management Limited details authorised 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 objectives when managing capital are to safeguard its ability to continue as a going concern.

# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2009

## Note 10 - Financial Risk Management Policies continued

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.

### **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.

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.

### **Interest Rate Risk**

Financial instruments which potentially subject the Company to interest rate risk are short-term deposits. 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 utilises short-term fixed rate borrowings which are used 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.

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.

### **Liquidity Risk**

The Company endeavours to invest the proceeds from the issue of shares in appropriate investments while maintaining sufficient liquidity, through daily cash monitoring, to meet working capital and investment requirements. Such liquidity can be augmented by short-term borrowings from a registered bank to a maximum value of 20% of the Gross Asset Value of the Company.

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

**NOTES TO THE FINANCIAL STATEMENTS** CONTINUED

FOR THE YEAR ENDED 31 MARCH 2009

**Note 11 - Sensitivity Analysis**

The sensitivity of the result for the year end and shareholders' equity to reasonably possible changes in market conditions at 31 March 2009 and 31 March 2008 is as follows:

2009: COMPANY		EQUITY PRICES			
	Carrying Amount	-10%		+10%	
		Profit	Equity	Profit	Equity
Cash and Cash Equivalents	6,510	-	-	-	-
Investments at fair value	71,034	(7,103)	(7,103)	7,103	7,103

2009: COMPANY		INTEREST RATE			
	Carrying Amount	-3%		+3%	
		Profit	Equity	Profit	Equity
Cash and Cash Equivalents	6,510	(195)	(195)	195	195
Investments at fair value	71,034	-	-	-	-

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

2008: COMPANY		EQUITY PRICES			
	Carrying Amount	-10%		+10%	
		Profit	Equity	Profit	Equity
Cash and Cash Equivalents	21,293	-	-	-	-
Investments at fair value	88,980	(8,898)	(8,898)	8,898	8,898

2008: COMPANY		INTEREST RATE			
	Carrying Amount	-3%		+3%	
		Profit	Equity	Profit	Equity
Cash and Cash Equivalents	21,293	(639)	(639)	639	639
Investments at fair value	88,980	-	-	-	-

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

**Note 12 - Performance Fee**

The Management Agreement with Fisher Funds Management Limited 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:

- The excess return for the applicable period multiplied by the number of shares on issue at the end of the period; or
- 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.

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2009

### Note 12 - Performance Fee continued

At 31 March 2009 the net asset value of \$78,199,000 was below the high water net asset value (after adjustment for capital changes and distributions) of \$121,017,000 (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 Income Statement for the year to 31 March 2009 (31 March 2008: Nil).

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 Limited, issued at a price equal to the audited Net Asset Value per share at 31 March 2009.

### Note 13 - Net Asset Value

The audited Net Asset Value per share of Kingfish Limited as at 31 March 2009 was \$0.92 per share (31 March 2008: \$1.31).

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

There were no contingent liabilities or unrecognised contractual commitments as at 31 March 2009 (31 March 2008: None).

### Note 15 - Segmental Reporting

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

### Note 16 - Subsequent Events

The unaudited Net Asset Value per share of Kingfish Limited as at the last reported date of 20 May 2009 was \$1.06 per share.

On 22 May 2009 the Board declared a dividend of 3 cents per share.

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

We have audited the financial statements on pages 23 to 38. The financial statements provide information about the past financial performance and cash flows of the Company for the year ended 31 March 2009 and its financial position as at that date. This information is stated in accordance with the accounting policies set out on pages 28 to 31.

**Directors' Responsibilities**

The Company's Directors are responsible for the preparation and presentation of the financial statements which give a true and fair view of the financial position of the Company as at 31 March 2009 and its financial performance and cash flows for the year ended on that date.

**Auditor's Responsibilities**

We are responsible for expressing an independent opinion on the financial statements presented by the Directors and reporting our opinion to you.

**Basis of Opinion**

An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. It also includes assessing:

- (a) the significant estimates and judgements made by the Directors in the preparation of the financial statements; and
- (b) whether the accounting policies are appropriate to the circumstances of the Company, consistently applied and adequately disclosed.

We conducted our audit in accordance with generally accepted auditing standards in New Zealand. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

We have no relationship with or interests in the Company other than in our capacity as auditor.

**Unqualified Opinion**

We have obtained all the information and explanations we have required.

In our opinion:

- (a) proper accounting records have been kept by the Company as far as appears from our examination of those records; and
- (b) the financial statements on pages 23 to 38:
  - (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 2009 and its financial performance and cash flows for the year ended on that date.

Our audit was completed on 22 May 2009 and our unqualified opinion is expressed as at that date.



## statutory information

### Directors' relevant interests in Equity Securities at 31 March 2009

#### Interest's register

The company is required to maintain an interest's register in which the particulars of certain transactions and matters involving the directors must be recorded. The interest's register for Kingfish Limited is available for inspection at its registered office. Particulars of entries in the interests register as at 31 March 2009 are as follows:

	ordinary shares	
	Directly Held	Held by Associated Persons
R L Challinor		20,000 <sup>1</sup>
A M Cotton		43,500 <sup>2</sup>
C M Fisher		2,750,560 <sup>3</sup>
I Hendry	108,752 <sup>4</sup>	

<sup>1</sup> Includes 10,000 shares issued on exercising warrants at \$1.00 per warrant.

<sup>2</sup> Includes 1,735 shares issued on 20 June 2008 under the company's dividend reinvestment plan and 20,000 shares issued on exercising 20,000 warrants at \$1.00 per warrant.

<sup>3</sup> Transferred to interests associated with C M Fisher immediately prior to the sale of a shareholding in Fisher Funds Management to H R L Morrison & Co Limited. Includes 527,050 shares issued on exercising 527,050 warrants at \$1.00 per warrant.

<sup>4</sup> Includes 4,337 shares issued on 20 June 2008 under the company's dividend reinvestment plan and 50,000 shares issued on exercising 50,000 warrants at \$1.00 per warrant.

## shareholder information

### Size of Shareholding as at 7 May 2009

Size of Holding	# of Shareholders	# of Shares	% of Total
1 to 999	180	90,167	0.10
1,000 to 4,999	1,559	4,429,782	5.11
5,000 to 9,999	1,289	8,208,085	9.47
10,000 to 49,999	1,967	34,934,584	40.33
50,000 to 99,999	155	9,638,343	11.12
100,000 to 499,999	81	13,713,455	15.83
500,000 +	10	15,622,501	18.04
<b>TOTAL</b>	<b>5,241</b>	<b>86,636,917</b>	<b>100</b>

### 20 Largest Shareholders as at 7 May 2009

Holder Name	Shares Held	% of Total
ASB Nominees Limited	2,750,560	3.17
Custodial Services Limited	2,441,285	2.82
Hubbard Churcher Trust Management Limited	2,114,900	2.44
Kingfish Limited	2,063,245	2.38
Investment Custodial Services Limited	1,897,926	2.19
NZPT Custodians (Grosvenor) Limited	1,236,491	1.43
Custodial Services Limited	1,124,319	1.30
Custodial Services Limited	788,342	0.91
FNZ Custodians Limited	658,677	0.76
Murray John Lombard Aldridge + Lesley Ann Aldridge + Nicholas Corporate Trustee Co Limited	566,756	0.65
Custodial Services Limited	471,718	0.54
Investment Custodial Services Limited	403,423	0.47

## 20 Largest Shareholders as at 7 May 2009 continued

Holder Name	Shares Held	% of Total
James Alton Jamieson	400,000	0.46
Forsyth Barr Custodians Limited	369,921	0.43
Lloyd James Christie	360,322	0.42
Warwick John Greenwood + Ian Sloan Robertson + Alastair John Mansell	354,473	0.41
Neil Sydney Cottle + Marilyn Frances Cottle + Polson Higgs Nominees Limited	350,000	0.40
Society of Mary Trust Board	312,460	0.36
David Punter + Nicholas Corporate Trustee Co Limited	305,256	0.35
Timothy Charles Glasson + Warren James Bell	279,739	0.32
<b>TOTAL</b>	<b>19,249,813</b>	<b>22.21</b>

## Directors' Holding Office

The Company's Directors as at 31 March 2009 were:

● Rob Challinor (Chairman)	● Ian Hendry
● Annabel Cotton	● Carmel Fisher

No Directors ceased to hold office during the period. In accordance with the Kingfish Constitution, Ian Hendry retired by rotation and being eligible was re-elected at the 2008 Kingfish Annual Shareholders Meeting. Rob Challinor retires by rotation at the 2009 Annual Shareholders Meeting and being eligible, offers himself for re-election.

## Directors' Remuneration

The following table sets out the total remuneration received by each Director from Kingfish Limited for the year ended 31 March 2009. 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 2009

Rob Challinor	\$40,000
Ian Hendry	\$30,000
Annabel Cotton	\$30,000

\* excludes GST

Carmel Fisher does not earn Directors fees.

## Employee Remuneration

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

## Disclosure of Interests

General Interest pursuant to section 140 of the Companies Act 1993 as at 31 March 2009

<b>Rob Challinor</b>	The Warehouse Group Limited	Director
	Barramundi Limited	Director
	Marlin Global Limited	Director
	CDL Investments New Zealand Limited	Director
	Copthorne Bay of Islands Hotel – JV	Director
	Challinor and Associates Limited	Director

**Disclosure of Interests continued**

<b>Ian Hendry</b>	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
<b>Annabel Cotton</b>	Merlin Consulting Limited	Director
	Genesis Power 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 & Commissioner for Financial Advisers
<b>Carmel Fisher</b>	Fisher Funds Management Limited	Director
	Barramundi Limited	Director
	Marlin Global Limited	Director

**Directors Indemnity and Insurance**

Kingfish Limited 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 2009 year the following amounts were paid/payable to the auditors – PricewaterhouseCoopers.

	\$000
Audit Fees	34
Other Services	-

**Donations**

The Company did not make any donations during the period ended 31 March 2009.

**New Zealand Exchange Waivers**

As at 31 March 2009, the Company held two waivers granted by the New Zealand Exchange.

1. Waiver from Listing Rules 3.1.1 and 7.3.1 (a) to the extent that Kingfish may issue shares to the Manager (Fisher Funds Management Limited) only where it is in accordance with the Performance Fee as described in Kingfish's Offer Document and the Kingfish Constitution.
2. Waiver from Listing Rule 9.2.1 under the exception provided in Listing Rule 9.2.4 (c) for the payments to the Manager (Fisher Funds Management Limited). This waiver will cease to have effect if any amendments are made to the Management Agreement. ■

# 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  
North Shore City 0622

### Corporate Manager

Nivedita Findlay

## Directors

### Independent Directors

Rob Challinor (Chairman)  
Ian Hendry  
Annabel Cotton

### 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  
North Shore City 0622  
Phone: 09 488 8777  
Email: [enquiry@computershare.co.nz](mailto:enquiry@computershare.co.nz)

## Auditors

### PricewaterhouseCoopers

188 Quay Street  
Auckland 1010

## Solicitors

### Chapman Tripp Sheffield Young

Level 35  
23 - 29 Albert Street  
Auckland 1010

## Bankers

### ANZ

Level 9  
ANZ Tower  
215 – 229 Lambton Quay  
Wellington 6011

## Investor Enquiries

### Kingfish Limited

Level 2  
95 Hurstmere Road  
Takapuna  
Auckland  
Phone: 09 489 7094  
Facsimile: 09 489 7139  
Email: [enquire@kingfishlimited.co.nz](mailto:enquire@kingfishlimited.co.nz)

## Direct crediting of dividends

To minimise the risk of fraud and misplacement of dividend cheques, shareholders are strongly recommended to have all payments made by way of direct credit to their nominated bank account. This can be done by notifying the share registrar in writing.



**KINGFISH**

LANDING TOMORROW'S TROPHIES