



June 2008 Quarter

Dear Shareholders

The last quarter has certainly been a mixed bag. Just as we began to notice a glimmer of improvement in the market during May, the volatility over the last few weeks of June undid any recent gains. The share price bounced between the high for the quarter of \$1.19 to a low of \$0.98. Similarly, the NAV in April was as high as \$1.41 before dropping to a low \$1.21 by the end of June. These are testing times for all of us however, the market conditions, and its impact on the Kingfish portfolio can be put into some perspective. Our Manager, Fisher Funds will elaborate on this further in their report.

During the last three months:

1. Our 2008 Annual Report was published;
2. 21.3 million shares were issued upon the exercise of warrants at 31/3/08; The remaining 21.5 million warrants expired;
3. The Dividend Reinvestment Plan was revised to take into account the new tax legislation for Portfolio Investment Entities;
4. A 4.5 cents per share fully imputed dividend was paid on 20 June. 41% of Kingfish shareholders opted to re-invest their dividend into shares rather than taking cash; with the shares being issued from treasury stock;
5. 406,360 shares were acquired under the buyback program and held as Treasury stock.

Our Annual Shareholders Meeting ("ASM") was held on 18th July at the Ellerslie Events Centre in Auckland. The meeting was well attended; thank you to all those who braved the Auckland weather to be there and for the many interesting questions that were raised. It is a pleasure to meet our shareholders and to be able to talk to many of you personally. It has been a difficult period for all of us so it was especially encouraging to receive your positive comments after the meeting.

The resolutions put to shareholders at the ASM were passed: the re-election of Ian Hendry as a Director and the authority for the Board to re-appoint PricewaterhouseCoopers as the Auditor and to set their remuneration. The ASM presentation is included on our website under "Shareholder Reports" and minutes of the meeting will be available on the website by the end of August.

Your Board and Manager thank you for your continued support over this challenging period.

With best wishes,



Rob Challinor, Chairman
Kingfish Limited - 25 July 2008

Fisher Funds Quarterly review

Global stock markets see-sawed during the June quarter, rallying in April and May before selling off in June to arrive back where they began. While the credit crunch

at a glance

Performance for period (since listing) to 30/6/2008

Net Asset Value Diluted	\$1.21 +25.3%
Share Price	\$0.99 -1.0%

Performance for the three months 31/3/2008 to 30/6/2008

Net Asset Value Diluted	-7.4%
Share Price	-2.9%

Notable June Quarter share price gains/(falls), including dividends

Sealegs	+24.0%
Delegats	+17.6%
Mainfreight	+9.2%
NZX	+8.2%
Freightways	-14.5%
Pumpkin Patch	-18.6%
Michael Hill	-19.1%

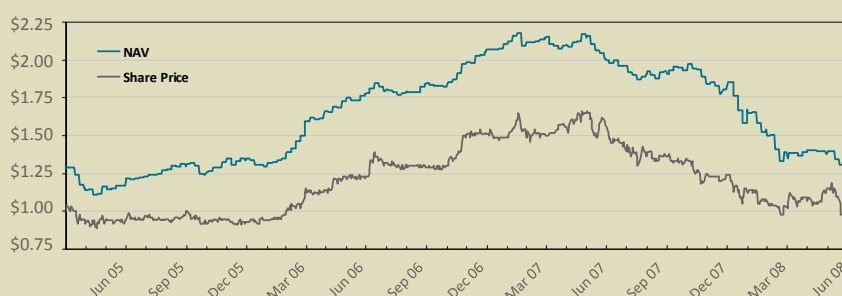
Portfolio Holdings Summary, as at 30/6/2008

Listed Companies	% Holding
Abano	0.3%
Comvita	1.6%
Delegats	5.5%
Freightways	8.5%
Mainfreight	18.3%
Metlifecare	11.6%
Michael Hill	6.5%
NZ Exchange	5.4%
Opus Intl	3.5%
Pumpkin Patch	4.6%
Rakon Limited	5.9%
Ryman Healthcare	16.8%
Sealegs	0.7%
Wakefield Hospital	2.9%

Non-listed Companies

Waterman Holdings	2.2%
Equity Total	94.3%
NZ Cash Total	5.7%
TOTAL	100.0%

kingfish net asset value and share price performance



Relative Performance 30/06/2008	1 Month	2 Month	Since Inception
Kingfish NAV	-13.1%	-9.9%	+25.3%
90 Day Bank Bill Index (NZD) + 7% p.a.	+1.3%	+4.0%	+83.9%
Difference	-14.4%	-13.9%	-58.7%
NZSX Small Cap Index (NZSCI)	-3.8%	+3.6%	+24.6%
NZSX Mid Cap Index (NZSEMC)	-7.8%	-3.0%	+26.6%
NZSX 50 Gross Index (NZ50G)	-11.9%	-8.0%	+23.2%

and looming recession has impacted stocks over the last 6-9 months the focus during the second quarter shifted to the rising price of oil, which has rallied 40% this year alone.

As if the negative global environment wasn't bad enough, New Zealand economic data remained very weak with consumer confidence reaching its lowest level since the 1991 recession, house sales falling 53% year-on-year in May, and commentators arguing over whether New Zealand's recession was 'technical' or real. The New Zealand share market was the worst performing asset class for the third consecutive quarter, reflecting a lack of domestic buyers and overseas investors selling to lock in currency gains. Company news and fundamentals were largely ignored in the rush to sell stocks whenever liquidity emerged, with the haphazard nature of the selling evident in the performance of market darlings such as Fletcher Building and F&P Healthcare.

Portfolio Review

After a positive start to the quarter, which was well justified after the poor March quarter, the Kingfish portfolio was caught in the draught of offshore investors exiting the New Zealand share market in June. While Ryman Healthcare was the only one of our core portfolio stocks to encounter significant offshore selling (which didn't incidentally lead to underperformance) there was a palpable market mood change in June and buyers sat on their hands. Our retail stocks Pumpkin Patch and Michael Hill were sold down aggressively as investors acknowledged the slowdown in consumer spending around the world. Anecdotal, June was a tough month in New Zealand right across the retail sector, and even Australia which has proved relatively resilient, began to slow late in the month. The other significant underperformer in the portfolio was Freightways, possibly due to an unfounded perception that rising petrol

prices could not be passed on to customers.

The Kingfish portfolio underperformed the broad market during the quarter, despite strong performances from core holding Mainfreight (up 9%), Delegat's (up 18% on a record 2008 harvest) and NZ Exchange which lifted 8% during the quarter. Twelve of our stocks representing 75% of the portfolio performed better than the market during the three months to June.

Portfolio Changes

We took advantage of profit results and other company announcements in the quarter as opportunities to get an update from management teams and revisit our assumptions. We cannot emphasise enough the value of our company visits and meetings with the management of our portfolios, and this is never more true than in falling markets. The trading signals that emerge from share price movements and media headlines every day are completely different than those that emerge after a couple of hours spent with a company management team talking about their trading environment and strategies. Of course management teams cannot predict the future any better than us, nor can they give us clear guidance as to how soon the global economy will return to something resembling normality, but they can give us details of what they are doing to grow their business (acquisitions, new client initiatives, expansion plans), to manage their business (currency management, productivity improvements, personnel changes), and their business patterns (relative to last year and compared with budget, market share gains, and customer responses to price increases) which help us determine whether the business will likely survive and thrive in the future. We would much prefer to make decisions on how we invest your money based on these signals than on what nervous investors might have to sell on a particular day.

Outlook / Strategy

As for the outlook for the Kingfish portfolio, we believe that the market still has some challenges to get through and the next round of profit results is unlikely to be a catalyst for a market rally. While our discussions with management teams give us comfort that there are no bombshells lurking, we are not seeing a lot of buying interest emerging, and those volume buyers that do appear seem intent on snatching bargains. Our portfolio stocks are unequivocally cheap for the earnings growth they offer ... unfortunately there are lots of cheap growth stocks around the world, and on a relative basis, New Zealand stocks do not represent compelling buying to international buyers expecting further weakness in the New Zealand dollar. Domestic investors are sitting on the sidelines, content to leave their funds in bank deposits while bank rates remain competitive. Some of these funds will likely be mobilized once the Reserve Bank begins easing monetary policy (considered likely in the next three months) or investors may be tempted to re-enter the market once corporate activity or company announcements draw attention to the growth and valuation prospects of individual companies and sectors. Meantime, we can take comfort in knowing that our companies are just fine, in fact that is understating their status. The indifference, nay pessimism, of the market will dissipate in time and our patience will be rewarded. And for those with a risk appetite, it is likely that selective buying now will look clever in the years ahead.



**Carmel Fisher, Managing Director
Fisher Funds Management Limited
25 July 2008**

whats coming up

Publication of Interim
Report: November 2008

December Quarter Shareholders'
Update: February 2009

Kingfish Update Reports will be produced for the December and June quarters. The Annual and Interim Reports will be produced for the March and September periods. Should you prefer to receive future Update newsletters electronically please email us at enquire@kingfishlimited.co.nz.