



# KINGFISH Update

December 2004 Quarter

## At A Glance

### Performance for nine months to 31 Dec '04:

Net Asset Value	\$1.2275	+26.8%
Diluted Net Asset Value	\$1.1138	+15%
Share Price	\$1.04	+ 4%
Warrant price	\$0.25	+25%

### Dec Quarter Biggest Movers

Metlifecare	+32%
Pumpkin Patch	+33%
Freightways	+18%
Michael Hill	+14%
Ryman Healthcare	+13%

### Recent Portfolio changes

Kidicorp	increased
Cadmus	increased
Mediaworks	exited
Briscoes	decreased

### Portfolio Holdings (31 Dec'04)

#### Kingfish Holdings Limited:

- Briscoes
- Freightways
- Mainfreight
- Metlifecare
- Michael Hill
- Pumpkin Patch
- Ryman Healthcare
- Turners Auctions
- Waste Management

#### Kingfish Nursery Limited:

- Cadmus Technology
- Comvita
- Pod
- Just Water
- Kidicorp
- NZ Exchange
- Steel & Tube
- Other Undisclosed

## Dear Shareholders

We are delighted to bring to you our first quarterly shareholders' newsletter. This newsletter provides more information regarding the composition of the Kingfish investment portfolio along with a report from our investment manager, Fisher Funds, regarding the general market outlook and the performance and prospects of some of the portfolio companies. We hope that after reading this newsletter you have a better appreciation of your investment company, Kingfish Limited.

**Rob Challinor**  
Chairman  
Kingfish Limited

## GENERAL OVERVIEW

The net asset value of the portfolio increased 10.1% during the December quarter to \$1.2275 per share. In its first nine months, the company's net asset value has increased 26.8% from the \$0.9684 raised in the initial public offer (after issue expenses) to \$1.2275 at 31 December 2004.

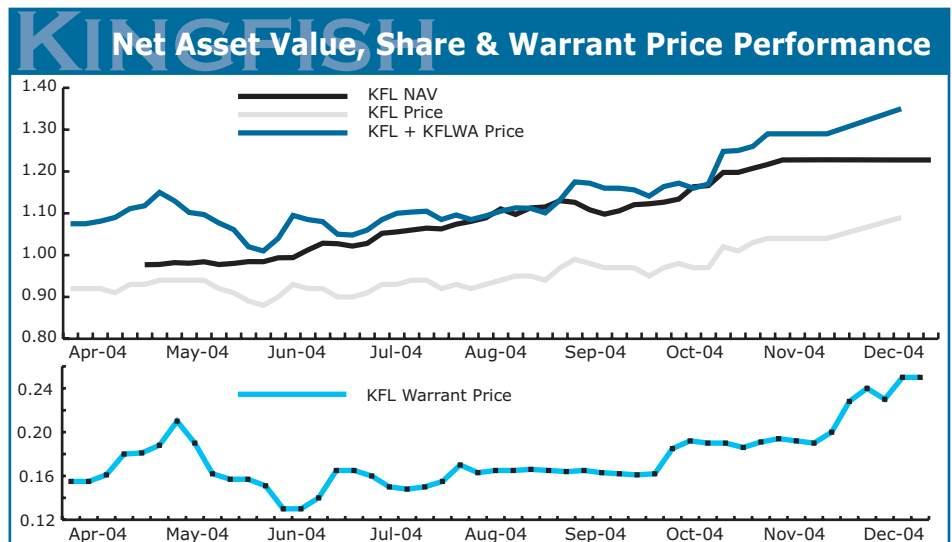
As at 31 December 2004 the combined market value of Kingfish shares and warrants (options) for those investors who participated in the initial public offer was \$1.29, compared with the issue price of \$1.00, representing a 29% gain on their initial investment in nine months.

## PORTFOLIO PERFORMANCE

Thirteen of the seventeen stocks in the portfolio posted share price gains during the quarter. Five stocks, representing approx 55% of the portfolio gained considerably over the quarter and added approx 85% of the increase in the value of the portfolio.

Metlifecare and Pumpkin Patch's share price gains of 32% and 33% respectively were among the highest in the market. Indeed, these stocks together contributed around 4.6% of the portfolio's 10.1% increase. The Freightways share price gained 18% and added 2.1% to the portfolio. Michael Hill and Ryman Healthcare's shares together contributed a further 1.7% to the portfolio. In spite of the buoyant market, four stocks declined during the period. Briscoes and Comvita announced forecast earnings downgrades which saw share price falls of 19% and 12% respectively while Turners 9% share price fall resulted from market reaction to senior management selling all their shares in the company and the subsequent resignation of the CEO. The Steel & Tube share price posted a nominal decline but for no obvious reasons.

A stronger domestic economy and high export prices have created an environment that supports strong profit results for both exporters and domestic companies.



## PORTFOLIO CHANGES

The Portfolio has changed little since that disclosed in the 30 September 2004 interim report.

Most positions are at or are very close to target weightings and Fisher Funds has advised the Kingfish Board that it is comfortable with the current portfolio composition while it continues to look for suitable new investment opportunities.

Fisher Funds on behalf of Kingfish bought more Kidicorp during the quarter and added a small holding in Cadmus Technology. Fisher Funds exited the Kingfish holding in Mediaworks and is also reviewing the holding in Briscoes.

## FISHER FUNDS OUTLOOK

We remain cautious regarding the macro-economic outlook over the medium term. "Stronger for longer" does not continue forever and higher interest rates and the NZ dollar must bite at some stage. However we are comfortable with the portfolio. Kingfish owns companies that should continue to grow their earnings in spite of any slowdown in NZ. A few examples include:

- Freightways has continued to expand revenue and earnings consistently for the past 10 years in spite of competition and a number of ownership changes;
- Waste Management has considerable pricing power, waste volumes are largely steady and it has an increasing earnings stream in Australia;
- Pumpkin Patch and Michael Hill will continue to expand internationally; and
- Metlifecare and Ryman Healthcare will continue to experience strong demand for their retirement units.

Overall we believe the make up of your portfolio and the nature of the companies, their management teams and prospects should continue to drive solid investment performance.



Carmel Fisher  
Managing Director  
Fisher Funds Management Limited

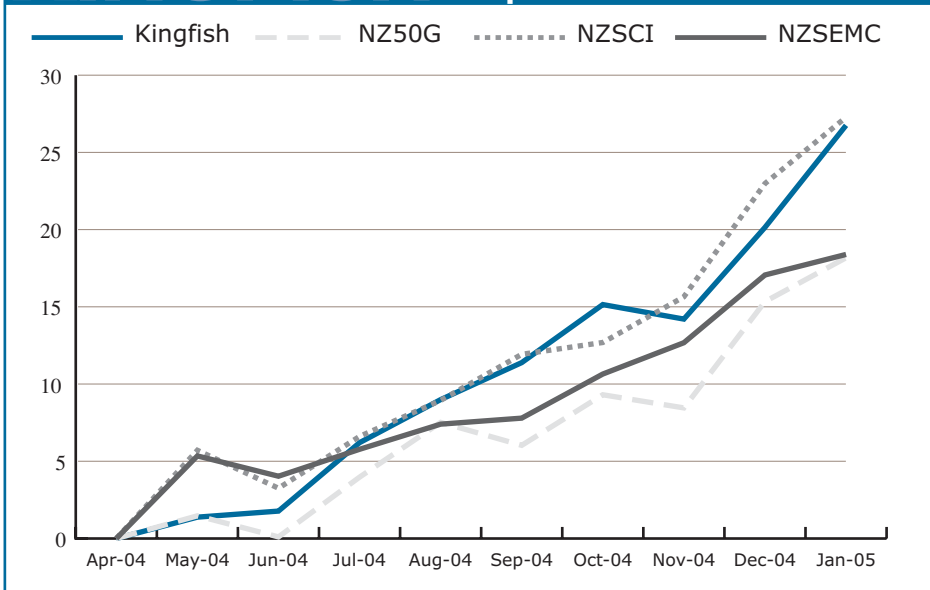
## 6 LARGEST CORE PORTFOLIO HOLDINGS

Stock	Portfolio Weighting	Rank
Metlifecare	14.1%	1
Waste Management	13.2%	2
Freightways	12.5%	3
Pumpkin Patch	9.1%	4
Mainfreight	8.2%	5
Ryman	7.1%	6

## RELATIVE PERFORMANCE TO 31 DEC 04

Stock	One Month	Three Months	Since Inception
Kingfish NAV	5.50%	10.80%	26.76%
90 Day Bank Bill Index +7%pa	1.13%	3.39%	9.90%
NZSX Small Cap Index (NZSCI)	3.49%	12.94%	27.28%
NZSX Mid Cap Index (NZSEMC)	1.14%	7.00%	18.39%
NZSX 50 Gross Index (NZ50G)	2.46%	8.12%	18.18%

## KINGFISH Net Asset Value Performance Since Inception Vs Relevant Indices



## DIVIDEND PAYMENT

The Directors expect the company should be able to pay a small dividend at year end in accordance with the Kingfish dividend policy of paying dividends equivalent to the income received by Kingfish after deducting the operating and management costs, including tax and financing costs of the company. The Directors intend that imputation credits will be attached to the dividends to the fullest extent possible.

## WHAT'S COMING UP:

- Dividend Re-investment Plan – Feb 05
- March Quarterly Update – April 05
- March year end result – May 05
- Annual Report – June 05; AGM – July 05