



KINGFISH Update

December 2006 Quarter

At a Glance

Performance for 33 months to 31 December 2006 (since IPO)

Net Asset Value	\$2.0678	+114%
Diluted Net Asset Value		
Share Price	\$1.51	+51%
Warrant Price	\$0.52	+52%

Performance for the nine months to 31 December 2006

Net Asset Value	+30%
Diluted Net Asset Value	+20%
Share Price	+35%
Warrant Price	+117%

Dec Quarter Share Price Gains (including Dividends)

Mainfreight	+28%
Freightways	+23%
Ryman Healthcare	+22%
Pumpkin Patch	+16%
Software of Excellence	+41%

Recent Portfolio changes

Rakon	increased
Comvita	increased

Portfolio Holdings at 31 December 2006

Kingfish Holdings Limited:	Weightings
Ryman Healthcare	20.9%
Mainfreight	18.8%
Pumpkin Patch	11.2%
Metlifecare	10.9%
Freightways	10.8%
Michael Hill	6.6%

(Holdings owns the core portfolio of companies that are expected to be owned for many years)

Kingfish Nursery Limited: 16%

- Delegat's
- Rakon
- Cadmus Technology
- Comvita
- Kidicorp
- NZ Exchange
- Software of Excellence

Unlisted investments 0.6%

Cash: 4.2%

(Nursery owns shares in companies that have not yet met all Investment criteria to become a core holding)

Dear Shareholders

Welcome to our December 2006 quarterly shareholders' newsletter. We trust that you enjoyed a safe and happy holiday season.

The Board and Manager, Fisher Funds, are pleased to report the following noteworthy milestones that were achieved during the December quarter.

- 1) The Net Asset Value ("NAV") continued its impressive upwards climb to more than double the NAV at the time of listing. The NAV increased 30% over the past nine months from \$1.5888 at 31 March 2006 to \$2.0678 at 31 December 2006;
- 2) The discount of the share price to the diluted NAV was 3.1% at the end of the quarter. This level of discount has steadily reduced from 13.8% at 31 March 2006. The current share price more closely reflects the gains in the Kingfish NAV achieved to date. (This is discussed in greater detail later in this update);
- 3) Kingfish shares and warrants traded at an all time high during the quarter. Kingfish shares reaching \$1.55 and warrants \$0.52;
- 4) Our September 2006 Interim Report was published;
- 5) The Board announced on 1 November 2006 the continuation of the Kingfish share and warrant buyback in accordance with section 65 of The Companies Act 1993. At 31 December 2006 the balance of treasury stock remained at 956,561 shares. During the December quarter 1,421,159 warrants were acquired at a cost of \$511,541 and subsequently cancelled.

We look forward to the remainder of the 2007 year with confidence and we thank you for your continued support.

Rob Challinor
Chairman

Kingfish Limited - 12 January 2007

FISHER FUNDS QUARTERLY REVIEW

The December 2006 quarter was very positive for the New Zealand share market with the NZSX50 Index gaining some 12%. The buoyancy might seem surprising given high and increasing domestic rates, the stubbornly high NZ-dollar and mediocre growth outlook. The 12% gain was around half of the index's total increase for the full year. Telecom's recovery and Fletcher Building's re-rating were the primary drivers. The potential privatisation of The Warehouse and subsequent positioning of interested corporate acquirers highlighted the attractiveness that certain NZ companies

possess particularly for larger wealthier offshore industry players as well as private equity buyers. We expect more of the same in 2007.

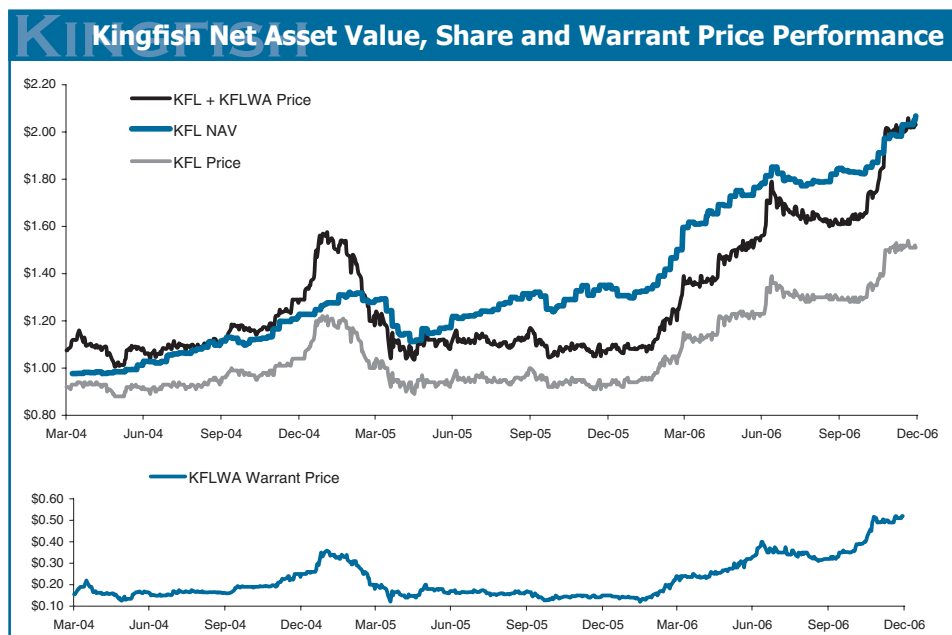
PORTFOLIO REVIEW

Twelve of the 14 stocks in the portfolio showed share price gains during the quarter, with the exceptions being Michael Hill (-3% including dividends) and Kidicorp (-7%). Their small declines took just 0.2% from the overall portfolio gain. All of the increase in the NAV per share came from gains in Mainfreight (+28%), Ryman Healthcare (+22%), Freightways (+23%) and Pumpkin Patch (+16%). Software of Excellence recorded the largest gain of the quarter, +41%, although our small holding meant its contribution was modest. Mainfreight's 43% increase in interim earnings exceeded expectations and the stock was further re-rated when management suggested that 2007 earnings could grow by the same extent. The possibility of an acquisition in the USA did not dampen the market's enthusiasm. In fact we are delighted that the management team plans to expand the company's presence so materially outside NZ. If successful, significant earnings growth may be possible. Ryman Healthcare delivered another six months of double-digit earnings growth and pointed out that earnings in future years would be boosted by the contemporaneous marketing of three new villages now underway. Freightways' share price gains were harder to explain as there was little company specific news other than management comments that activity in September looked to be a little better than in previous (tough) months. The Pumpkin Patch share price reflected investor optimism on the back of promising international expansion opportunities about which management appears to be increasingly positive. So overall, a healthy quarter for the Kingfish portfolio with some good news and positive developments from core holdings.

PORTFOLIO CHANGES

There was very little activity in the portfolio in the past quarter with most of the action occurring in the middle of the year as we looked to redeploy the Waste Management (takeover) proceeds in to Delegat's and Rakon. With that reinvestment largely done, our transaction activity was limited to topping-up the Rakon holding and underpinning a capital raising by Nursery stock, Comvita. It raised approximately \$12m to fund further development of its unique manuka-honey-based products and expand its presence internationally. We also purchased a modest holding in a non-listed private equity company which invests in established companies with a view to working alongside incumbent shareholders / management to facilitate expansion.

PERFORMANCE (31 DEC 2006)	One Month	Three Months	One Year	Since Inception
Kingfish NAV	4.0%	12.0%	53.1%	113.5%
90 Day Bank Bill Index +7% p.a.	1.2%	3.7%	14.7%	40.7%
Difference	2.8%	8.3%	38.4%	72.8%
NZSX Small Cap Index (NZSCI)	1.9%	9.1%	22.9%	49.4%
NZSX Mid Cap Index (NZSEMC)	5.8%	12.7%	39.2%	61.6%
NZSX 50 Gross Index (NZ50G)	5.0%	13.0%	20.3%	66.2%



FISHER FUNDS OUTLOOK

We remain very comfortable with the composition of the Kingfish portfolio. We think the long-term growth prospects for our core holdings are very exciting. As we have said over the past few years we think our stock selection process has resulted in a portfolio of robust companies with growth opportunities that are not reliant upon the fortunes of the NZ economy. By definition if we do select the right growth companies and they succeed, their plans will take them outside NZ and at some point, the characteristics of the NZ economy will become less relevant. We like the international flavour of the portfolio, and look forward to watching companies like Pumpkin Patch and Michael Hill continue to open new stores in new markets. Rakon and Delegat's are already international companies with outstanding growth options. The domestic companies within the portfolio have their own strategies to prosper, whether it's Ryman Healthcare which is securing land and developing villages at a rapid rate or Freightways that is gradually building up an Australian data and document management operation. In summary, we remain positive about the prospects for the Kingfish portfolio in the year ahead.

Carmel Fisher
Managing Director
 Fisher Funds Management Limited
 12 January 2007

POINTS OF INTEREST

THE DISCOUNT TO NAV PER SHARE

The Kingfish Board and Fisher Funds are delighted that the combination of the ongoing share and warrant buyback programme, continued strong returns and growth in NAV per share, along with increasing investor awareness of the value of the Kingfish portfolio, has resulted in the share price now efficiently tracking diluted NAV per share. (The diluted NAV describes the effect if all warrants in existence were exercised today at \$1.00).

WARRANT EXERCISE DATE 31 MARCH 2007

31 March 2007 is the second optional exercise date for Kingfish warrants (KFLWA). If you wish to exercise some or all of your warrants (subject to a minimum of 500) on this exercise date please read the warrant exercise letter and complete the exercise form that will be sent to warrant holders in February 2007.

Any warrants not exercised on this date may be exercised on the final exercise date of 31 March 2008. Any warrants not exercised by 31 March 2008 will lapse and all rights in regards to them will expire. Kingfish warrants may be traded at any time on the NZSX up until the final exercise date of 31 March 2008.

The Kingfish website www.kingfishlimited.co.nz contains details on the following warrant related information under the "Shareholder Services" section;

- o The choices that you have in relation to your warrants;

- o How do you decide if and when to exercise your warrants; and
- o What to do if you wish to exercise your warrants on 31 March 2007.

TAXATION OF DOMESTIC INVESTMENT FUNDS – "PIE REGIME"

The Government has recently introduced legislation which changes the way managed funds are taxed. The intent behind the changes is to remove any tax obstacles to those investing in managed funds and leave investors in the same tax position whether they invest in equities directly or via a managed fund.

Fisher Funds has actively lobbied for listed investment vehicles, such as Kingfish, to be part of the new tax regime. Based on an initial review of the legislation, Fisher Funds believes it is likely that Kingfish will meet the eligibility criteria to be a "portfolio investment entity". The new regime commences in 1 October 2007.

Although the implications for investors in Kingfish will depend on their personal circumstances, it is likely that many shareholders will benefit:

- Under the current regime, Kingfish derives imputation credits which can be passed onto investors. Under the new regime, there will be greater scope for Kingfish to pay effectively an unimputed dividend to investors without creating further tax at the investor level (this cannot currently be done).
- Investors currently on a 39% marginal tax rate will have their tax liability on Kingfish dividends capped at 33%.
- From 1 October 2007, all equity gains derived by the Kingfish group (assuming shares are New Zealand or Australian listed companies) will be on capital account for tax purposes. This will simplify the legal and reporting structure of the group.
- The new tax regime will allow capital gains to be distributed tax free from Kingfish to investors. This cannot be done under the existing tax regime.

This does not constitute tax advice to investors, as tax implications will depend on each investor's tax profile. We encourage shareholders to seek their own tax advice.

WHAT'S COMING UP:

- Second optional warrant exercise date - **31 March 2007**
- 31 March 2007 full year preliminary result - **May 2007**
- Final Dividend declared - **May 2007**
- Annual Report for 31 March 2007 year - **June 2007**
- Annual Shareholders Meeting - **July 2007**

The Kingfish Update Report will be produced for the December and June quarters. The Annual and Interim Reports will be produced for the March and September periods.