



KINGFISH Update

June 2007 Quarter

At a Glance

Performance for the quarter to 30 June 2007

Net Asset Value	\$2.0006 ⁽¹⁾	-7.0%
Diluted Net Asset Value	\$1.5812	-1.3%
Share Price	\$1.56	+4.0%
Warrant Price	\$0.516	+7.5%

(1) ex 3.5 cents per share dividend paid 15 June

June Quarter Biggest Movers

Software of Excellence	+45%
Sealegs	+35%
NZ Exchange ⁽²⁾	+20%
Metlifecare	+16%
Pumpkin Patch	-23%
Delegats	-12%

(2) including 16cps dividend

Recent Portfolio changes

Delegats	increased
Pumpkin Patch	increased
Sealegs	increased

Portfolio Holdings at 30 June 2007

Kingfish Holdings Limited:

	Weightings
Ryman Healthcare	20%
Mainfreight	17%
Metlifecare	13%
Rakon	10%
Pumpkin Patch	9%
Freightways	9%
Michael Hill	9%

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

Kingfish Nursery Limited: 14%

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

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

Net Cash/Borrowings -1%

(During the quarter \$5 million was drawn down for a 90 Day period from the ASB facility to fund investment opportunities and the 15 June dividend).

Dear Shareholders

It is a pleasure to present our June 2007 quarter shareholders' newsletter. The Board and Manager of Kingfish report a solid performance for the three months with our share price increasing 4% not withstanding a 7% drop in net asset value ("NAV") per share after dividend.

During the past three months:

- 1) Our 2007 Annual Report was published;
- 2) 5,029,656 shares were issued upon the exercise of 5,029,656 warrants at 31/3/07;
- 3) A 3.5 cents per share fully imputed dividend was paid on 15 June. 40% of Kingfish shareholders opted to re-invest their dividend, with 588,638 new shares being issued under the Dividend Reinvestment Plan;
- 4) 926,586 shares were re-issued from treasury stock as part payment of the 31 March 2007 performance fee payable to Fisher Funds Management Limited;
- 5) 1,398,852 warrants were acquired and subsequently cancelled and 1,999 shares were acquired under our buyback policy and held as treasury stock;
- 6) The share price discount to diluted NAV continued to diminish from 6.4% at 31 March to 1.3% at 30 June 2007;
- 7) We adopted New Zealand International Financial Reporting Standards ("NZ IFRS") from 1 April 2007 - the first set of financial statements that the Group will release under NZ IFRS will be for the six months ending 30 September 2007; and
- 8) Kingfish was registered as a Portfolio Investment Entity ("PIE").

Our Annual Shareholders Meeting ("ASM") was held on 5th July at the Ellerslie Events Centre in Auckland. This was our largest meeting to date, with over 250 attendees. Thank you to all those who attended and for your questions which made the meeting more interesting. It is encouraging to have so much support and to be able to talk to many of you personally. The resolutions put to shareholders at the ASM were passed: the re-election of Annabel Cotton as a director and the authority for the Board to agree the remuneration of PricewaterhouseCoopers. 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.

With best wishes,

Rob Challinor, Chairman
Kingfish Limited - 12 July 2007

FISHER FUNDS QUARTERLY REVIEW

June 2007 was a volatile period for the NZ equities market particularly after the RBNZ raised the official cash rate to 8.0%. The NZ50's 3.1% gain was attributed to just two stocks, Auckland Airport whose share price jumped 36% thanks to an approach from a Canadian pension fund and Fletcher Building's 12% gain as it announced the acquisition of the worldwide operations of Formica Corporation. All other gains and losses effectively netted out.

Merger and Acquisition activity ("M&A") is an ongoing driver of returns in the NZ equity market as evidenced above. Tourism Holdings is under a bid from Australia's MFS Living and Leisure while Kidicorp and Software of Excellence are mid-takeover. We are seeing the stronger companies improve their business positions and medium-term prospects by themselves acquiring. Witness Fletcher Building as mentioned above, Freightways with its series of tuck-in acquisitions in the data and document sector in Australia, Rakon with its acquisition of telecommunications OXO manufacturer, CMac, earlier in the year and Comvita acquiring Australian medical honey company - Medihoney.

PORTFOLIO REVIEW

During June the Kingfish NAV per share decreased 7% to \$2.0006 after the impact of the 3.5cps dividend paid in June and issuing 5m new shares in April for warrants exercised. The latest surge in the NZ dollar is undermining margins generated by NZ companies with offshore operations. **Pumpkin Patch** (share price -23%) has warned that FY07 earnings will be lower than earlier expected mostly thanks to the high NZ dollar. The shortfall is exacerbated by a conscious decision to accelerate store expansion in the USA. The market has priced-in downgrades from other companies with meaningful offshore exposure including Rakon and Delegat's.

Ryman Healthcare (-1%) reported a strong FY07 result with profit up 18% to a record \$41.6m. The company indicated it expects +20% profit growth next year as it continues the concurrent marketing of three new villages. **Rakon** (+4%) reported net profit after tax up 122% to \$10.6m. Management is projecting EBITDA in the \$32m - \$38m range in FY08 subject to the NZ\$/US\$. The company is seeing continued strong demand for Personal Navigation Devices as well as emerging orders in cell-phone GPS. **NZ Exchange** shares gained 20% on the back of a string of good news including strong 1Q earnings, improved Kiwisaver legislation and involvement in a carbon trading regime. **Michael Hill's** (+10%) shares continue to gain with strong 3Q07 sales growth in NZ and Australia offset a little by softer than expected sales in Canada.

PORTFOLIO CHANGES

The only change of any significance in the portfolio was to introduce a small holding in Sealegs Corporation to Kingfish Nursery. We have monitored Sealegs for a while now and have seen the company's "boat with wheels" develop from concept through to commercialisation stages. The company seems to be going from strength to strength with orders still outstripping the manufacturing capability in spite of a recent move to larger premises! Scale manufacture and wider marketing will see Sealegs revenue and profitability leap over the coming years.

OUTLOOK/STRATEGY

In spite of some pullback in certain share prices, most of which is directly or indirectly a result of the strength in the NZ dollar, the outlook for the companies is collectively strong. Equities markets will be volatile throughout the remainder of the year with difficult macro headwinds making conditions a little tougher than otherwise might have been for our companies. However investee companies are well run and we back these executive teams to do the right things for their respective businesses, whatever the operating environment might be. Fisher Funds strategy is very much one of selective buying in market environments such as this. If one of our core companies falls out of favour with the market simply because of the near-term earnings shortfall resulting from higher interest rates or exchange rate costs or even a conscious decision to cost-up in expansion mode, we will look to buy additional holdings in that company.



Carmel Fisher, Managing Director
Fisher Funds Management Limited
12 July 2007

POINTS OF INTEREST

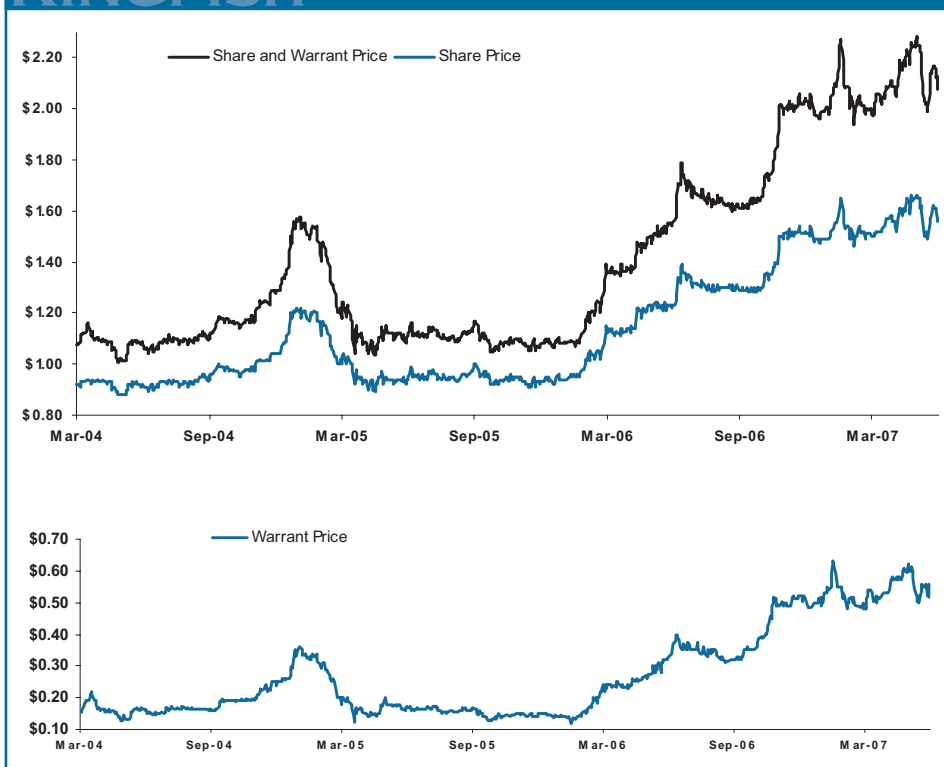
THE IMPACT OF KINGFISH SHARE AND WARRANT BUYBACKS

At 30 June 2007, 32,000 shares were held as treasury stock. The re-issue of treasury stock for the performance fee and dividend reinvestment plan over the total buyback period has resulted in an increase to shareholders funds at 30 June of \$1.3m. At 30 June, a total 6.1 million warrants had been acquired and cancelled. This has had a favourable impact on the diluted NAV with less warrants being available for exercise and consequently reducing the number of future shares on issue. The positive financial impact of the share and warrant buyback presented at the ASM is shown in the table below:

BUYBACK TRANSACTIONS AT 30 JUNE 2007	NUMBER	COST (\$)
Share Buybacks (Nov 05 - Jun 07) – held as treasury stock	2,982,000	3.2m
Treasury stock re-issued (April 06 – May 07)	2,950,000	4.6m
Balance held as treasury stock at 30 June 07/(gain)	32,000	\$(1.3m)
Warrants acquired and cancelled	6,086,000	1.8m
Diluted NAV per share		
- without warrant buyback	\$1.5670	
- with warrant buyback	\$1.5812	

PERFORMANCE (30 JUNE 2007)	One Month	Three Months	One Year	Since Inception
Kingfish NAV	-7.4%	-7.0%	12.2%	106.6%
90 Day Bank Bill Index +7% p.a.	1.2%	3.7%	14.9%	50.2%
Difference	-8.6%	-10.7%	-2.7%	56.4%
NZSX Small Cap Index (NZSCI)	-2.1%	-0.7%	18.8%	56.4%
NZSX Mid Cap Index (NZSEMC)	-3.8%	0.4%	15.3%	63.7%
NZSX 50 Gross Index (NZ50G)	-1.6%	3.1%	18.1%	73.5%

Share Price and Combined Share and Warrant Price Performance



CHANGES TO TAXATION OF INVESTMENT INCOME

We have covered in recent publications and at the ASM the changes to taxation of managed funds (including listed investment vehicles, such as Kingfish) which commence on 1 October 2007. Kingfish has elected to become a "Portfolio Investment Entity" or "PIE" under the new legislation. A summary of the main benefits to Kingfish under the PIE regime are as follows;

- o From 1 October 2007, Kingfish will no longer be taxed on any capital gains on investments;
- o As a PIE, Kingfish will be able to distribute capital gains tax free to shareholders;

- o Dividends paid after 1 October will be exempt income for income tax purposes; and
- o A simplification of the legal and reporting structure of Kingfish which will result in lower costs.

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

WHAT'S COMING UP:

- Half Year End - **30 September 2007**
- PIE regime implementation - **1 October 2007**
- 30 September 2007 Interim Report - **November 2007**
- December Quarter Shareholders' Update - **January 2008**
- Financial Year End - **31 March 2008**

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.