

Page

CONTENTS

Statement of Comprehensive Income	1
Statement of Changes in Equity	2
Statement of Financial Position	3
Statement of Cash Flows	4
Notes to the Financial Statements	5

KINGFISH LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2019

	Notes	2019 \$000	2018 \$000
Interest income		279	237
Dividend income		6,545	7,672
Net changes in fair value of investments	2	49,488	32,493
Other income	3	0	2,959
Total net income		56,312	43,361
Operating expenses	4	9,170	6,996
Operating profit before tax		47,142	36,365
Total tax expense	5	79	39
Net operating profit after tax attributable to shareholders		47,063	36,326
Total comprehensive income after tax attributable to shareholders		47,063	36,326
Basic earnings per share	7	24.24c	19.62c
Diluted earnings per share	7	23.81c	19.51c

The accompanying notes form an integral part of these financial statements.

KINGFISH LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2019

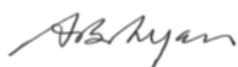
<i>Attributable to shareholders of the company</i>					
	Notes	Share Capital \$000	Performance Fee Reserve \$000	Retained Earnings \$000	Total Equity \$000
Balance at 31 March 2017		164,729	417	54,924	220,070
Comprehensive income					
Profit for the year		0	0	36,326	36,326
Other comprehensive income		0	0	0	0
Total comprehensive income for the year ended 31 March 2018		0	0	36,326	36,326
Transactions with owners					
Dividends paid	6	0	0	(21,215)	(21,215)
Share buybacks		(3,095)	0	0	(3,095)
Shares issued from treasury stock under dividend reinvestment plan	6	2,871	0	0	2,871
New shares issued under dividend reinvestment plan	6	5,057	0	0	5,057
Shares issued for warrants exercised	6	35,148	0	0	35,148
Prior year Manager's performance fee settled with ordinary shares		297	(301)	0	(4)
Prior year Manager's performance fee settled with treasury stock		116	(116)	0	0
Manager's performance fee to be settled with ordinary shares		0	1,118	0	1,118
Total transactions with owners the year ended 31 March 2018		40,394	701	(21,215)	19,880
Balance at 31 March 2018		205,123	1,118	70,035	276,276
Comprehensive income					
Profit for the year		0	0	47,063	47,063
Other comprehensive income		0	0	0	0
Total comprehensive income for the year ended 31 March 2019		0	0	47,063	47,063
Transactions with owners					
Dividends paid	6	0	0	(22,816)	(22,816)
Share buybacks		(546)	0	0	(546)
Shares issued from treasury stock under dividend reinvestment plan	6	462	0	0	462
New shares issued under dividend reinvestment plan	6	8,165	0	0	8,165
Prior year Manager's performance fee settled with ordinary shares		1,089	(1,096)	0	(7)
Prior year Manager's performance fee settled with treasury stock		22	(22)	0	0
Manager's performance fee to be settled with ordinary shares		0	2,043	0	2,043
Warrant issue costs	6	(19)	0	0	(19)
Total transactions with owners for the year ended 31 March 2019		9,173	925	(22,816)	(12,718)
Balance at 31 March 2019		214,296	2,043	94,282	310,621

The accompanying notes form an integral part of these financial statements.

KINGFISH LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2019

	Notes	2019 \$000	2018 \$000
SHAREHOLDERS' EQUITY	6	310,621	276,276
Represented by:			
ASSETS			
Current Assets			
Cash and cash equivalents	10	19,274	10,768
Trade and other receivables	8	12,810	4,317
Investments at fair value through profit or loss	2	281,547	264,395
Current tax receivable	5	0	10
Total Current Assets		313,631	279,490
TOTAL ASSETS		313,631	279,490
LIABILITIES			
Current Liabilities			
Trade and other payables	9	3,010	3,214
Total Current Liabilities		3,010	3,214
TOTAL LIABILITIES		3,010	3,214
NET ASSETS		310,621	276,276

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



A B Ryan
Chair
24 May 2019



C A Campbell
Chair of the Audit and Risk Committee
24 May 2019

The accompanying notes form an integral part of these financial statements.

KINGFISH LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2019

	Notes	2019 \$000	2018 \$000
Operating Activities			
Sale of investments		92,589	78,079
Interest received		280	236
Dividends received		6,636	7,516
Other income received		3,109	(10)
Purchase of investments		(73,140)	(91,068)
Operating expenses		(6,147)	(5,316)
Taxes paid		(69)	(39)
Net cash inflows/(outflows) from operating activities	10	23,258	(10,602)
Financing Activities			
Proceeds from warrants exercised		0	35,148
Share buybacks		(544)	(3,095)
Warrant issue costs		(19)	0
Dividends paid (net of dividends reinvested)		(14,189)	(13,287)
Net cash (outflows)/inflows from financing activities		(14,752)	18,766
Net increase in cash and cash equivalents held		8,506	8,164
Cash and cash equivalents at beginning of the year		10,768	2,604
Cash and cash equivalents at end of the year	10	19,274	10,768

The accompanying notes form an integral part of these financial statements.

Note 1 Basis of Accounting

Reporting Entity

Kingfish Limited ("Kingfish" or "the Company") is listed on the NZX Main Board, is registered in New Zealand under the Companies Act 1993 and is an FMC Reporting Entity under the Financial Markets Conduct Act 2013.

The Company's registered office is Level 1, 67-73 Hurstmere Road, Takapuna, Auckland.

Basis of Preparation


These financial statements have been prepared in accordance with the requirements of Part 7 of the Financial Markets Conduct Act 2013, the NZX Main Board listing rules and New Zealand Generally Accepted Accounting Practice (NZ GAAP). They comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) as appropriate for profit-oriented entities, and International Financial Reporting Standards (IFRS).

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 and in the accompanying notes.

The functional and reporting currency used to prepare the financial statements is New Zealand dollars, rounded to the nearest one thousand dollars.

The financial statements include GST where it is charged by other parties as it cannot be reclaimed.

Accounting Policies

Accounting policies that summarise the recognition and measurement basis used and are relevant to an understanding of the financial statements, are provided throughout the notes to the financial statements and are designated by a  symbol.

The accounting policies adopted have been consistently applied to all years presented, unless otherwise stated.

The Company adopted NZ IFRS 9 Financial Instruments (replacing NZ IAS 39 Financial Instruments: Recognition and Measurement) from 1 April 2018 and applied the standard retrospectively, but has elected not to restate comparative information. From 1 April 2018, the Company classifies the financial assets and liabilities in the following measurement categories:


- those to be measured at fair value through profit or loss (previously measured as designated at fair value through profit or loss and available-for-sale financial assets), and
- those to be measured at amortised cost (previously measured as loans and receivables).

The adoption of NZ IFRS 9 has had no material impact on the Company's financial statements and no material adjustments are noted on transition.

Under NZ IFRS 9, on initial recognition of a financial asset, the Company needs to assess on a forward looking basis, the expected credit loss associated with the financial assets carried at amortised cost. At each reporting date, the credit risk of a financial asset, apart from trade receivables, is assessed to determine whether there has been a significant increase in the credit risk. During the assessment the Company will consider both forward looking information and the financial history of counterparties to assess the probability of default or likelihood that full settlement is not received. Trade receivables will be assessed against the simplified approach of a lifetime expected loss allowance.

There are no other accounting standards that have been issued but are not yet effective that are expected to have a material impact on these financial statements.

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. Judgements are designated by a  symbol in the notes to the financial statement. There were no material estimates or assumptions required in the preparation of these financial statements.

Authorisation of Financial Statements

The Kingfish Board of Directors authorised these financial statements for issue on 24 May 2019.

No party may change these financial statements after their issue.

KINGFISH LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

Note 2 Investments

j Given that the investment portfolio is managed, and performance is evaluated on a fair value basis in accordance with a documented investment strategy, Kingfish has classified all its investments at fair value through profit or loss.

i Investments are initially recognised at fair value and are subsequently revalued to reflect changes in fair value. Net changes in the fair value of investments are recognised in the Statement of Comprehensive Income.

Financial assets at fair value through profit or loss comprise of New Zealand listed equity investment assets.

All purchases and sales of investments are recognised at trade date, which is the date the Company commits to purchase or sell the investment and transaction costs are expensed as incurred. When an investment is sold any gain or loss arising on the sale is included in the Statement of Comprehensive Income. Realised gains or losses are calculated as the difference between the sale proceeds and the carrying amount of the item.

The fair value of listed equity investments traded in active markets are based on last sale prices at balance date, except where the last sale price falls outside the bid-ask spread for a particular investment, in which case the bid price will be used to value the investment.

Dividend income from investments is recognised in the Statement of Comprehensive Income when the Company's right to receive payments is established (ex-dividend date).

Investments recognised at fair value are categorised according to a fair value hierarchy that shows the extent of judgement used in determining their fair value. Where unadjusted quoted prices are used, the investments are categorised as Level 1. When inputs derived from quoted prices are used, the investments are categorised as Level 2. If inputs are not based on observable market data, they are categorised as Level 3.

j All listed equity investments held by Kingfish are categorised as Level 1. There have been no transfers between levels of the fair value hierarchy during the year (31 March 2018: none). There were no financial instruments classified as Level 2 or 3 at 31 March 2019 (31 March 2018: none).

Note 3 Other Income	2019	2018
	\$000	\$000
GST refund (note 11)	0	2,968
Underwriting income	0	15
Foreign exchange losses on cash and cash equivalents	0	(24)
Total other income	0	2,959

Note 4 Operating Expenses	2019	2018
	\$000	\$000
Management fees (note 11)	3,657	3,348
Performance fees (note 11)	4,322	2,370
Administration services (note 11)	159	159
Directors' fees (note 11)	168	126
Custody, accounting and brokerage	548	702
Investor relations and communications	128	122
NZX fees	62	60
Professional fees	40	30
Fees paid to the auditor:		
Statutory audit and review of financial statements	39	38
Other assurance services ¹	0	4
Non assurance services ¹	2	6
Other operating expenses	45	31
Total operating expenses	9,170	6,996

¹ Other assurance services relate to a share and warrant register audit and non-assurance services relate to agreed upon procedures performed at the annual meeting and in respect of the performance fee calculation. No other fees were paid to the auditor during the year (2018: nil).

KINGFISH LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

Note 5 Taxation

Kingfish is a Portfolio Investment Entity ("PIE") for tax purposes.



Taxation expense comprises both current and deferred tax. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at balance date, and any adjustment to tax payable in respect of previous years. 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 (if any) is recognised as the difference between the carrying amounts of assets and liabilities in the financial statements and the amounts used for taxation purposes. A deferred tax asset is only recognised to the extent it is probable it will be utilised.



A deferred tax asset of \$7,780,623 at 31 March 2019 (2018: \$5,696,419) has not been recognised as the tax structure of the Company is unlikely to lead to the utilisation of a deferred tax asset. This unrecognised deferred tax asset is reviewed annually.

Taxation expense is determined as follows:

	2019	2018
	\$000	\$000
Operating profit before tax	47,142	36,365
Non-taxable realised gain on investments	(24,910)	(20,191)
Non-taxable unrealised gain on investments	(24,556)	(12,189)
Imputation credits	2,133	2,325
Non-deductible expenditure	490	608
Taxable income	299	6,918
Tax at 28%	84	1,937
Imputation credits	(2,133)	(2,325)
Deferred tax not recognised	2,085	427
Forfeit of foreign tax credits	43	0
Total tax expense	79	39
<i>Taxation expense comprises:</i>		
Current tax	79	39
	79	39
Current tax balance		
Opening balance	10	10
Current tax expense	(79)	(39)
Tax (refund)/paid	69	39
Current tax receivable	0	10

Imputation credits

The imputation credits available for subsequent reporting periods total \$501,366 (2018: \$559,757). This amount represents the balance of the imputation credit account at the end of the reporting period, adjusted for imputation credits that will arise from the receipt of dividends recognised as a receivable at 31 March 2019.

Note 6 Shareholders' equity

Share Capital



Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares and warrants are shown in equity as a deduction.

When shares are acquired by the Company, the amount of consideration paid is recognised directly in equity. Acquired shares are classified as treasury stock and presented as a deduction from share capital. When treasury stock is subsequently sold or reissued, the cost of treasury stock is reversed and the realised gain or loss on sale or reissue, net of any directly attributable incremental transaction costs, is recognised within share capital.

Kingfish has 197,889,673 fully paid ordinary shares on issue (2018: 190,935,279). All ordinary shares are classified as equity, rank equally and have no par value. All shares carry an entitlement to dividends and one vote is attached to each fully paid ordinary share.

Note 6 Shareholders' equity (continued)

Buybacks

Kingfish maintains an ongoing share buyback programme. For the year ended 31 March 2019, Kingfish had acquired 395,172 (2018: 2,372,227) shares under the programme which allows up to 5% of the ordinary shares on issue (as at the date 12 months prior to the acquisition) to be acquired. Shares acquired under the buyback programme are held as treasury stock and subsequently reissued to shareholders under the dividend reinvestment plan. There were 46,377 shares held as treasury stock at balance date (31 March 2018: 15,000 shares held as treasury stock).

Warrants

On 19 July 2018, 48,368,533 new Kingfish warrants were allotted and quoted on the NZX Main Board on 20 July 2018. One new warrant was issued to all eligible shareholders for every four shares held on record date (18 July 2018). The warrants are exercisable at \$1.37 per warrant, adjusted down for dividends declared during the period up to the exercise date of 12 July 2019. Warrant holders can elect to exercise some or all of their warrants on the exercise date subject to a minimum exercise of 200 warrants. The net cost of issuing the warrants is deducted from share capital.

On 5 May 2017, 29,106,763 warrants were exercised at \$1.21 per warrant and the remaining 9,069,890 warrants lapsed.

Dividends



Dividend distributions to the Company's shareholders are recognised as a liability in the financial statements in the period in which the dividends are declared by the Kingfish board.

Kingfish has a distribution policy where 2% of average NAV is distributed each quarter. Dividends paid during the year comprised:

	2019	Cents per		2018	Cents per
	\$000	share		\$000	share
29 Jun 2018	5,542	2.89	29 Jun 2017	5,211	2.79
28 Sep 2018	5,798	3.00	29 Sep 2017	5,197	2.77
21 Dec 2018	5,919	3.04	22 Dec 2017	5,336	2.83
28 Mar 2019	5,557	2.83	29 Mar 2018	5,471	2.89
	22,816	11.76		21,215	11.28

Dividend Reinvestment Plan

Kingfish has a dividend reinvestment plan which provides ordinary shareholders with the option to reinvest all or part of any cash dividends in fully paid ordinary shares at a 3% discount to the five-day volume weighted average share price from the date the shares trade ex-entitlement. During the year ended 31 March 2019, 6,509,043 ordinary shares totalling \$8,627,664 (2018: 6,328,588 ordinary shares totalling \$7,927,506) were issued in relation to the plan for the quarterly dividends paid. To participate in the dividend reinvestment plan, a completed participation notice must be received by Kingfish before the next dividend record date.

Performance Fee Reserve



The portion of any performance fee to be paid in ordinary shares is an equity share-based payment and is recognised at fair value in an equity reserve until the ordinary shares are issued.

See note 11(ii) for further details.

KINGFISH LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

Note 7 Earnings 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 on issue during the year. Diluted earnings per share assumes conversion of all dilutive potential ordinary shares in determining the denominator. Potential ordinary shares include outstanding warrants.

	2019	2018
	\$000	\$000
Basic earnings per share		
Profit attributable to owners of the Company	47,063	36,326
Weighted average number of ordinary shares on issue net of treasury stock ('000)	194,119	185,176
Basic earnings per share	24.24c	19.62c
Diluted earnings per share		
Profit attributable to owners of the Company	47,063	36,326
Weighted average number of ordinary shares on issue net of treasury stock ('000)	194,119	185,176
Diluted effect of warrants on issue ('000)	2,162	173
Ordinary shares to be issued under performance fee arrangement ('000)	1,409	841
	197,690	186,190
Diluted earnings per share	23.81c	19.51c

Note 8 Trade and Other Receivables



Trade and other receivables are classified as financial assets at amortised cost and are initially recognised at fair value, and subsequently measured at amortised cost less any provision for impairment. Receivables are assessed on a case-by-case basis for impairment.



The trade and other receivables' carrying values are a reasonable approximation of fair value.

	2019	2018
	\$000	\$000
Dividends receivable	991	1,083
Interest receivable	0	1
Unsettled investment sales ¹	11,778	99
Related party receivable (note 11)	0	3,109
Other receivables	41	25
Total trade and other receivables	12,810	4,317

¹ On 6 March 2019, Kingfish accepted an unconditional and irrevocable takeover offer for the Restaurant Brand shares subject to a scaled back acceptance ratio. This has been settled on 2 April 2019.

Note 9 Trade and Other Payables



Trade and other payables are classified as other financial liabilities and are initially recognised at fair value, and subsequently measured at amortised cost.



The trade and other payables' carrying values are a reasonable approximation of fair value.

	2019	2018
	\$000	\$000
Related party payable (note 11)	2,620	1,563
Unsettled investment purchases	334	1,542
Other payables and accruals	56	109
Total trade and other payables	3,010	3,214

KINGFISH LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

Note 10 Cash and Cash Flow Reconciliation

Cash and Cash Equivalents



Cash and cash equivalents are classified as financial assets at amortised cost and comprise cash on deposit at banks and short-term money market deposits.

	2019	2018
	\$000	\$000
Cash - New Zealand	19,274	10,768
Cash and Cash Equivalents	19,274	10,768
Reconciliation of Net Operating Profit after Tax to Net Cash Flows from Operating Activities	2019	2018
	\$000	\$000
Net operating profit after tax	47,063	36,326
Items not involving cash flows		
Unrealised gains on revaluation of investments	(24,556)	(12,654)
	(24,556)	(12,654)
Impact of changes in working capital items		
(Decrease)/increase in fees and other payables	(204)	2,155
(Increase)/decrease in interest, dividends and other receivables	(8,493)	773
Change in current tax	10	0
	(8,687)	2,928
Items relating to investments		
Amount paid for purchases of investments	(73,140)	(91,068)
Amount received from sales of investments	92,589	77,999
Return of capital	0	80
Realised gains on investments	(24,932)	(19,841)
Decrease/(increase) in unsettled purchases of investments	1,208	(1,422)
Increase/(decrease) in unsettled sales of investments	11,679	(4,064)
	7,404	(38,316)
Other		
Performance fee to be settled by issue of shares	2,043	1,118
Increase in share buybacks payable	(2)	0
Expenses in relation to prior year's performance fee settled by issue of shares	(7)	(4)
	2,034	1,114
Net cash inflows/(outflows) from operating activities	23,258	(10,602)

Note 11 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.

Transactions with related parties

The Manager of Kingfish is Fisher Funds Management Limited ("Fisher Funds" or "the Manager"). Fisher Funds is a related party by virtue of the Management Agreement and having a director in common for the first four months of the financial year. In return for the performance of its duties as Manager, Fishers Funds is paid the following fees:

(i) Management fee: 1.25% (plus GST) per annum of the gross asset value, calculated weekly and payable monthly in arrears. The fee reduces if the Manager underperforms, thereby aligning the Manager's interests with those of the Kingfish shareholders. For every 1% underperformance (relative to the change in the NZ 90 Day Bank Bill Index) the management fee percentage is reduced by 0.1%, subject to a minimum 0.75% per annum management fee.

Note 11 Related Party Information (continued)

(ii) Performance fee: Fisher Funds may earn an annual performance fee of 15% (plus GST) of excess returns over and above the performance fee hurdle return (being the change in the NZ 90 Day Bank Bill Index plus 7%) subject to achieving the High Water Mark ("HWM").

The HWM is the dollar amount by which the net asset value per share exceeds the highest net asset value per share (after adjustment for capital changes and distributions) at the end of any previous calculation period in which a performance fee was payable, multiplied by the number of shares at the end of the period.

In accordance with the terms of the Management Agreement, when a performance fee is earned, it is paid within 30 days of the balance date and the Manager is required to apply half of the performance fee to subscribe for shares, issued at a price equal to the audited net asset value per share at balance date. Ordinary shares issued to the Manager rank equally in all respects with existing ordinary shares in Kingfish.



Performance fees paid to the Manager are recognised as an expense in the Statement of Comprehensive Income. 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. The component paid in cash is treated in line with a typical operating expense.

At 31 March 2019 the Manager achieved a return in excess of the performance fee hurdle return and the HWM. For the year ended 31 March 2019, excess returns of \$29,492,561 (2018: \$16,217,166) were generated and the net asset value per share before the deduction of a performance fee was \$1.58 (2018: \$1.45), which exceeded the HWM after adjustment for capital changes and distributions of \$1.31 (2018: \$1.25). Accordingly, the Company has expensed a performance fee of \$4,321,567 (2018: \$2,370,390) which is made up of \$4,490,242 (including GST) earned by the Manager and \$168,675 from a post balance date adjustment. See note 17 for full details of how the performance fee was settled for the year ended 31 March 2019.

(iii) Administration fee: Fisher Funds provides corporate administration services and a monthly fee is charged.

Fees earned and payable:	2019	2018
	\$000	\$000
Fees paid to the Manager for the year ending 31 March		
Management fees	3,657	3,348
Performance fees	4,322	2,370
Administration services	159	159
Total fees paid to the Manager	8,138	5,877
Fees payable to the Manager at 31 March		
Management fees	329	297
Performance fees payable in cash	2,278	1,253
Administration services	13	13
Total fees payable to the Manager	2,620	1,563

Investments by the Manager

The Manager held shares in, and received dividends from, the Company at 31 March 2019 which total 1.81% of the total shares on issue (2018: 1.42% of the total shares on issue).

Investment transactions with related parties

Off-market transactions between Kingfish and other funds managed by Fisher Funds take place for the purposes of rebalancing portfolios without incurring brokerage costs. These transactions are conducted after the market has closed at last sale price (on an arm's length basis). Purchases for the year ended 31 March 2019 totalled \$3,527,455 (2018: \$4,009,325) and sales totalled \$453,396 (2018: \$3,522,356).

GST Refund

Fisher Funds historically charged Kingfish GST at the standard GST rate on the provision of investment services. In 2017 the Inland Revenue Department ("IRD") confirmed that the lower GST fund manager rate of 1.5% could be charged to Kingfish (and this rate has been applied since 1 August 2017).

Fisher Funds received \$3,108,799 being a refund of overcharged GST of \$2,925,926 plus use of money interest ("UOMI") of \$182,873 on the provision of investment services to Kingfish for the eight year period from 1 August 2009 to 31 July 2017. On receipt in early April 2018, Fisher Funds passed the refund and UOMI to Kingfish.

Note 11 Related Party Information (continued)

GST Refund (continued)

In the 2018 Statement of Comprehensive Income, the portion of the GST refund relating to historical years of \$2,785,172 and UOMI of \$182,873, which totalled \$2,968,045, was recognised as other income, with the balance of \$140,754 relating to the 2018 year recognised as a reduction in management fee expense. The GST refund and UOMI was excluded from the 2018 performance fee calculation as it was not generated by investment activity.

Directors

The directors of Kingfish are the only key management personnel and they earn a fee for their services. The directors' fee pool increased from \$125,000 to \$157,500 (plus GST if any) per annum on 1 July 2018. The amount paid to directors is disclosed in note 4 under directors' fees (all four independent directors earn a director's fee).

Note 12 Financial Risk Management

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.

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 regular reporting to the Board of Directors. In addition, the Manager has to meet the criteria of authorised investments within the prudential limits defined in the Management Agreement.

The maximum market risk resulting from financial instruments is determined as their fair value.

Price Risk

Price risk is the risk of gains or losses from changes in the market price of investments. The Company is exposed to the risk of fluctuations in the underlying value of its listed portfolio companies. The following companies individually comprise more than 10% of Kingfish's total assets at 31 March:

	2019	2018
Fisher and Paykel Healthcare Corporation Ltd	15%	12%
The A2 Milk Company Limited	15%	8%
Mainfreight Ltd	12%	12%

Interest Rate Risk

Interest rate risk is the risk of movements in local interest rates. The Company is therefore exposed to the risk of gains or losses or changes in interest income from movements in local interest rates. There is no hedge against the risk of movements in interest rates.

The Company may use short-term fixed rate borrowings to fund investment opportunities. There were no borrowings at 31 March 2019 (2018: nil).

Currency Risk

Currency risk is the risk that the fair value or future cash flows of an investment will fluctuate because of changes in foreign exchange rates. The Company generally holds assets denominated in New Zealand dollars and is therefore not directly exposed to currency risk. The portfolio companies that Kingfish invests in may be affected by currency risk that may impact on the market value of the underlying portfolio company.

Sensitivity Analysis

The table below summarises the impact on net operating profit after tax and shareholders' equity to reasonably possible changes in the carrying value of financial instruments to market risk exposure at 31 March as follows:

KINGFISH LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

Note 12 Financial Risk Management (Continued)

Currency Risk (continued)

		2019	2018
		\$000	\$000
Price risk ¹			
Investments at fair value through profit or loss (listed)	Carrying value	281,547	264,395
	Impact of a 10% change in market prices: +/-	28,155	26,440
Interest rate risk ²			
Cash and cash equivalents	Carrying value	19,274	10,768
	Impact of a 1% change in interest rates: +/-	193	108

¹ A variable of 10% was selected for price risk as this is a reasonably expected movement based on historic trends in equity prices.

² A variable of 1% was selected as this is a reasonably expected movement based on historical volatility. The percentage movement for the interest rate sensitivity relates to an absolute change in the interest rate rather than a percentage change in interest rate.

Credit Risk

Credit risk is the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. In the normal course of its business, the Company is exposed to credit risk from transactions with its counterparties.

The Company measures credit risk and expected credit losses using probability of default, exposure at default and loss given default. Management considers both historical analysis and forward looking information in determining any expected credit loss. At 31 March 2019 and 31 March 2018, all other receivables, and cash are held with counterparties with a credit rating of S&P A-1+ or equivalent and are normally settled within three business days. Management considers the probability of default to be close to zero as the counterparties have a strong capacity to meet their contractual obligations in the near term. As a result, no loss allowance has been recognised based on 12 month expected credit losses as any such impairment would be wholly insignificant to the Company.

Other than cash at bank and short term unsettled trades, there are no significant concentrations of credit risk. The Company does not expect non-performance by counterparties, therefore no collateral or security is required.

Listed securities are held by an independent custodian, Trustees Executors Limited. All transactions in listed securities are paid for on delivery according to standard settlement instructions. Dividends receivable are due from listed New Zealand companies and are normally settled within a month after the Ex-Dividend date. The Company has cash with banks registered in New Zealand which carry a minimum short-term credit rating of S&P A-1+ (or equivalent).

The maximum credit risk of financial assets is deemed to be their carrying amount as reported in the Statement of Financial Position.

Liquidity Risk

Liquidity risk is the risk that the assets held by the Company cannot readily be converted to cash in order to meet the Company's financial obligations as they fall due. 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.

Liquidity to fund investment requirements can be augmented through the procurement of a debt facility from a registered bank to a maximum value of 20% of the gross asset value of the Company. There were no such debt facilities at 31 March 2019 (2018: nil).

Note 13 Capital Risk Management

The Company's objective is to prudently manage shareholder capital (share capital, reserves, retained earnings and borrowings (if any)).

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.

Since announcing a long-term distribution policy in June 2009, the Company continues to pay 2% of average net asset value each quarter.

KINGFISH LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

Note 14 Net Asset Value

The audited net asset value of Kingfish as at 31 March 2019 was \$1.57 per share (2018: \$1.45) calculated as the net assets of \$310,621,130 divided by the number of shares on issue of 197,889,673 (2018: net assets of \$276,275,597 and shares on issue of 190,935,279).

Note 15 Commitments and Contingent Liabilities

There were no unrecognised contractual commitments or contingent liabilities as at 31 March 2019 (2018: nil).

Note 16 Financial Reporting by Segments

The Company operates in the New Zealand investment industry.

The Company is managed as a whole and is considered to have a single operating segment. There is no further division of the Company or internal segment reporting used by the Directors when making strategic, investment or resource allocation decisions.

There has been no change to the operating segments during the year.

Note 17 Subsequent Events

(i) In accordance with the terms of the Management Agreement, Kingfish settled the performance fee due to Fisher Funds of \$4,490,242 relating to the year ended 31 March 2019 on 30 April 2019 as follows:

1. Fisher Funds used half of the performance fee (excluding GST) to subscribe for Kingfish ordinary shares at the audited 31 March 2019 net asset value per share of \$1.57 (rounded to two decimal places). Accordingly, Kingfish issued 1,409,150 ordinary shares totalling \$2,211,942;
2. The balance of \$2,278,300 (including GST) was paid in cash to Fisher Funds.

(ii) A post balance date adjustment of \$168,675 was made to reduce the cost of the performance fee, to recognise the difference between audited 31 March 2019 net asset value per share (\$1.57) and the share price on 30 April 2019 when the performance fee was paid to Fisher Funds (\$1.45); and

(iii) The Board declared a dividend of 3.07 cents per share on 20 May 2019. The record date for this dividend is 13 June 2019 with a payment date of 27 June 2019.

On 29 March 2019, the Company announced a change in the performance fee structure. The Board negotiated a 33% reduction to the performance fee earn rate (above the performance hurdle) from 15% to 10% together with the introduction of a cap (1.25%) on the total performance fee amount in conjunction with moving to payment of any performance fee 100% in cash rather than 50% cash and 50% shares. The changes take effect from 1 April 2019.

There were no other events which require adjustment to or disclosure in these financial statements.