

KINGFISH LIMITED
INTERIM FINANCIAL STATEMENTS CONTENTS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

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KINGFISH LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

		6 months ended 30/09/20 unaudited \$'000	6 months ended 30/09/19 unaudited \$'000
	Notes		
Interest income		28	160
Dividend income		2,949	3,355
Net changes in fair value of investments	2	92,593	17,048
Other income		3	28
Total net income		95,573	20,591
Operating expenses	3	8,602	2,769
Operating profit before tax		86,971	17,822
Tax expense		12	15
Net operating profit after tax attributable to shareholders		86,959	17,807
Total comprehensive income after tax attributable to shareholders		86,959	17,807
Basic earnings per share	5	34.84c	8.22c
Diluted earnings per share	5	34.49c	8.09c

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

KINGFISH LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

	<i>Attributable to shareholders of the Company</i>			
	Share Capital \$000	Performance Fee Reserve \$000	Retained Earnings \$000	Total Equity \$000
Balance at 1 April 2019 (audited)	214,296	2,043	94,282	310,621
Comprehensive income				
Net operating profit after tax	0	0	17,807	17,807
Other comprehensive income	0	0	0	0
Total comprehensive income for the period ended 30 September 2019	0	0	17,807	17,807
Transactions with shareholders				
Shares issued for warrants exercised	4	52,247	0	52,247
Dividends paid	4	0	(13,941)	(13,941)
Shares issued from treasury stock under dividend reinvestment plan	4	600	0	600
New shares issued under dividend reinvestment plan	4	4,529	0	4,529
Share buybacks	4	(681)	0	(681)
Prior year Manager's performance fee settled with ordinary shares		1,898	(1,907)	0
Prior year Manager's performance fee settled with treasury stock		136	(136)	0
Total transactions with shareholders for the period ended 30 September 2019 (unaudited)	58,729	(2,043)	(13,941)	42,745
Balance at 30 September 2019 (unaudited)	273,025	0	98,148	371,173
Balance at 1 April 2020 (audited)	278,854	0	66,550	345,404
Comprehensive income				
Net operating profit after tax	0	0	86,959	86,959
Other comprehensive income	0	0	0	0
Total comprehensive income for the period ended 30 September 2020	0	0	86,959	86,959
Transactions with shareholders				
Dividends paid	4	0	(15,746)	(15,746)
New shares issued under dividend reinvestment plan	4	5,940	0	5,940
Warrant issue costs		(2)	0	(2)
Total transactions with shareholders for the period ended 30 September 2020 (unaudited)	284,792	0	137,763	422,555

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

KINGFISH LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2020

	30/09/20 unaudited \$'000	31/03/20 audited \$'000
SHAREHOLDERS' EQUITY	422,555	345,404
Represented by:		
ASSETS	Notes	
Current Assets		
Cash and cash equivalents		18,493
Trade and other receivables		2,387
Investments at fair value through profit or loss	2	324,953
Total Current Assets		345,833
TOTAL ASSETS		345,833
LIABILITIES		
Current Liabilities		
Trade and other payables		429
Total Current Liabilities		429
TOTAL LIABILITIES		429
NET ASSETS	422,555	345,404

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


A B Ryan
Chairman
23 November 2020


C A Campbell
Chair of the Audit and Risk Committee
23 November 2020

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

KINGFISH LIMITED
STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

	Notes	6 months ended 30/09/20 unaudited \$'000	6 months ended 30/09/19 unaudited \$'000
Operating Activities			
Sale of listed equity investments		46,978	27,542
Interest received		27	160
Dividends received		3,073	3,120
Other income received		3	28
Purchase of listed equity investments		(46,993)	(80,360)
Operating expenses		(3,242)	(5,025)
Taxes paid		(12)	(15)
Net cash outflows from operating activities	6	(166)	(54,550)
Financing Activities			
Proceeds from warrants exercised		0	52,247
Issue costs		(2)	(10)
Share buybacks		0	(682)
Dividends paid (net of dividends reinvested)		(9,806)	(8,812)
Net cash (outflows)/inflows from financing activities		(9,808)	42,743
Net decrease in cash and cash equivalents held		(9,974)	(11,807)
Cash and cash equivalents at beginning of the period		18,493	19,274
Cash and cash equivalents at the end of the period		8,519	7,467

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

KINGFISH LIMITED
NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

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 a 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

The interim financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP). They comply with the International Accounting Standard 34 *Interim Financial Reporting* and New Zealand Equivalent to International Accounting Standard 34 *Interim Financial Reporting*.

The interim financial statements do not include all of the information required for full year financial statements and should be read in conjunction with the Company's annual financial report for the year ended 31 March 2020.


The impact of COVID-19 was assessed during the preparation of these financial statements and whether there were any indicators affecting the Company's ability to operate as a going concern. No indicators were identified, and the Company remains a going concern.

These interim financial statements cover the unaudited results from operations for the six months ended 30 September 2020.

Accounting Policies

The Company has applied consistent accounting policies in the preparation of these interim financial statements as for the 2020 full year financial statements. Accounting policies that are relevant to an understanding of the financial statements are designated by a  symbol.

Critical Judgements, Estimates and Assumptions

The preparation of interim 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 interim financial statements. There were no material estimates or assumptions required in the preparation of these interim financial statements.

Authorisation of Interim Financial Statements

The Kingfish Board of Directors authorised these interim financial statements for issue on 23 November 2020.

No party may change these interim financial statements after their issue.

Note 2 Investments

 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 of its investments at fair value through profit or loss.

The fair value of 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. The decline in investment markets as a result of COVID-19 did not impact the value of investments at period end, as the markets recovered during the period.

KINGFISH LIMITED
NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

Note 2 Investments (continued)

	30/09/20 unaudited \$000	31/03/20 audited \$000
Investments at Fair Value through Profit or Loss		
New Zealand listed equity investments	418,977	324,953
Total investments at fair value through profit or loss	418,977	324,953

j All investments held by Kingfish are categorised as Level 1 in the fair value hierarchy. There have been no transfers between levels of the fair value hierarchy during the period (30 September 2019: none).

	6 months ended 30/09/20 unaudited \$000	6 months ended 30/09/19 unaudited \$000
Net changes in fair value of investments		
New Zealand listed equity investments	92,593	17,048
Net changes in fair value of investments	92,593	17,048

Note 3 Operating Expenses

Management fees (note 7)	2,625	2,192
Performance fees (note 7)	5,349	0
Administration services (note 7)	79	79
Directors' fees (note 7)	88	86
Brokerage	238	202
Investor relations and communications	90	81
Custody and accounting fees	46	31
NZX fees	30	25
Professional fees	11	28
Fees paid to the auditor:		
Statutory audit and review of financial statements	19	19
Regulatory expenses	9	9
Other operating expenses	18	17
Total operating expenses	8,602	2,769

Note 4 Shareholders' Equity

Share Capital

Kingfish has 252,281,141 fully paid ordinary shares on issue (31 March 2020: 248,587,907). All ordinary shares 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.

Buybacks

Kingfish maintains an ongoing share buyback programme. In the six month period to 30 September 2020, Kingfish did not acquire any shares (30 September 2019: 472,965 valued at \$680,614) 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 no shares held as treasury stock at balance date (31 March 2020: nil).

KINGFISH LIMITED
NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

Note 4 Shareholders' Equity (continued)

Warrants

61,578,083 new Kingfish warrants were allotted on 9 March 2020, and quoted on the NZX Main Board on 10 March 2020. One new warrant was issued to all eligible shareholders for every four shares held on record date (6 March 2020). The warrants are exercisable at \$1.64 per warrant, adjusted down for dividends declared during the period up to the exercise date of 12 March 2021. Warrant holders can elect to exercise some or all of their warrants on the exercise date. The net cost of issuing the warrants is deducted from share capital.

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). On 12 July 2019, 41,889,557 warrants valued at \$52,361,927, less issue costs of \$115,176 (net \$52,246,751), were exercised at \$1.25 per warrant and the remaining 6,478,976 warrants lapsed.

Dividends

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

	2020		2019	
	\$000	Cents per	\$000	Cents per
		share		share
26 Jun 2020	7,607	3.06	27 Jun 2019	6,114
25 Sep 2020	8,139	3.25	26 Sep 2019	7,827
	15,746	6.31		13,941
				6.30

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 period ended 30 September 2020, 3,693,234 ordinary shares totalling \$5,939,852 (30 September 2019: 3,718,225 ordinary shares totalling \$5,128,810) 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 record date.

Note 5 Earnings per Share

	6 months	6 months
	ended	ended
	30/09/20	30/09/19
Basic earnings per share	unaudited	unaudited
Profit attributable to shareholders of the Company (\$'000)	\$000	\$000
Weighted average number of ordinary shares on issue	86,959	17,807
net of treasury stock ('000)	249,605	216,645
Basic earnings per share	34.84c	8.22c
Diluted earnings per share		
Profit attributable to shareholders of the Company (\$'000)	86,959	17,807
Weighted average number of ordinary shares on issue	249,605	216,645
net of treasury stock ('000)	2,508	3,592
Diluted effect of warrants on issue ('000)	252,113	220,237
Diluted earnings per share	34.49c	8.09c

KINGFISH LIMITED
NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

Note 6 Reconciliation of Net Operating Profit after Tax to Net Cash Flows from Operating Activities

	6 months ended 30/09/20	6 months ended 30/09/19
Net operating profit after tax	86,959	17,807

Items not involving cash flows

Unrealised gains on revaluation of listed equity investments	(73,698)	(8,647)
	(73,698)	(8,647)

Impact of changes in working capital items

Increase/(decrease) in fees and other payables	5,432	(2,568)
Decrease in trade and other receivables	1,467	7,344
	6,899	4,776

Items relating to investments

Amount paid for purchases of listed equity investments	(46,993)	(80,360)
Amount received from sales of listed equity investments	46,978	27,542
Realised gains on listed equity investments	(18,895)	(8,401)
Decrease in unsettled purchases of listed equity investments	0	335
Decrease in unsettled sales of listed equity investments	(1,416)	(7,602)
	(20,326)	(68,486)

Net cash outflows from operating activities	(166)	(54,550)
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Note 7

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. In return for the performance of its duties as Manager, Fisher 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.

KINGFISH LIMITED
NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

Note 7 Related Party Information (continued)

(ii) **Performance fee:** Fisher Funds may earn an annual performance fee of 10% 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 total performance fee amount is subject to a cap of 1.25% of the net asset value and is settled fully in cash.

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 60 days of the balance date.

For the six months ended 30 September 2020, excess returns of \$68,551,515 were generated (30 September 2019: no excess returns were generated) and the net asset value per share before the deduction of a performance fee was \$1.70 (30 September 2019: \$1.52), which exceeded the HWM after adjustment for capital changes and distributions of \$1.30 (30 September 2019: \$1.43). Accordingly, the Company has expensed a performance fee of \$5,348,702 (including GST) for the six months ending 30 September 2020 (30 September 2019: no performance fee was expensed).

(iii) **Administration fee:** Fisher Funds provides corporate administration services and a fee is payable monthly in arrears.

Fees earned, accrued and payable:

	6 months ended 30/09/20	6 months ended 30/09/19
	unaudited	unaudited
	\$000	\$000

Fees earned by and accrued to the Manager for the period

ended 30 September

Management fees	2,625	2,192
Performance fees	5,349	0
Administration services	79	79
Total fees earned by and accrued to the Manager	8,053	2,271

Fees payable to the Manager

Management fees	450	375
Performance fees payable in cash	5,349	0
Administration services	13	13
Total fees payable to the Manager	5,812	388

Investments by the Manager

The Manager held shares in the Company until August 2019 when they sold their entire holding. No dividends were paid to the Manager during the period (30 September 2019: \$152,279).

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 on an arm's length basis. For the period ended 30 September 2020 there were no related parties purchases or sales (30 September 2019: \$1,816,526 for purchases and there were no sales).

KINGFISH LIMITED
NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020

Note 7 Related Party Information (continued)

Directors

The directors of Kingfish are the only key management personnel and they earn a fee for their services. The directors' fee pool is \$157,500 (plus GST, if any) per annum. The amount paid to directors (inclusive of GST for three directors) is disclosed in note 3 under directors' fees (all directors earn a director's fee).

The directors or their associates also held shares in the Company at 30 September 2020 and warrants on issue. The table below shows a reconciliation of opening and closing share holdings and warrant holdings for all directors or their associates:

	6 months ended 30/09/20 unaudited \$000	6 months ended 30/09/19 unaudited \$000
Opening value of shares held by directors or their associates	14,464	6,734
Plus shares issued for warrants exercised	0	1,557
Plus other share purchases	20	6,864
Plus share price movements	4,037	983
Closing value of shares held by directors or their associates	18,521	16,138

Opening value of warrants held by directors or their associates

Plus new warrants issued and price movements

Less warrants exercised

Closing value of warrants held by directors or their associates

Dividends of \$708,079 (30 September 2019: \$354,973) were also received by directors or their associates as a result of their shareholding.

Note 8 Net Asset Value

The unaudited net asset value per share of Kingfish as at 30 September 2020 was \$1.67 (31 March 2020: \$1.39) calculated as the net assets of \$422,554,500 divided by the number of shares on issue of 252,281,141 (31 March 2020: net assets of \$345,403,828 and shares on issue of 248,587,907).

Note 9 Subsequent Events

On 23 November 2020, the Board declared a dividend of 3.46 cents per share. The record date for this dividend is 3 December 2020 with a payment date of 18 December 2020.

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



PwC

Independent auditor's review report

To the shareholders of Kingfish Limited

Report on the interim financial statements

Our conclusion

We have reviewed the interim financial statements of Kingfish Limited (the Company), which comprise the statement of financial position as at 30 September 2020, and the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the six months ended on that date, and significant accounting policies and other explanatory information.

Based on our review, nothing has come to our attention that causes us to believe that these accompanying interim financial statements of the Company do not present fairly, in all material respects, the financial position of the Company as at 30 September 2020, and its financial performance and cash flows for the six months then ended, in accordance with International Accounting Standard 34 *Interim Financial Reporting* (IAS 34) and New Zealand Equivalent to International Accounting Standard 34 *Interim Financial Reporting* (NZ IAS 34).

Basis for conclusion

We conducted our review in accordance with the New Zealand Standard on Review Engagements 2410 (Revised) *Review of Financial Statements Performed by the Independent Auditor of the Entity* (NZ SRE 2410 (Revised)). Our responsibilities are further described in the *Auditor's responsibilities for the review of the interim financial statements* section of our report.

We are independent of the Company in accordance with the relevant ethical requirements in New Zealand relating to the audit of the annual financial statements, and we have fulfilled our other ethical responsibilities in accordance with these ethical requirements. In addition to our role as auditor, our firm carries out agreed-upon procedures for the Company over performance fee calculations. The provision of these other services has not impaired our independence.

Directors' responsibility for the interim financial statements

The Directors of the Company are responsible, on behalf of the Company, for the preparation and fair presentation of these interim financial statements in accordance with IAS 34 and NZ IAS 34 and for such internal control as the Directors determine is necessary to enable the preparation and fair presentation of interim financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility for the review of the interim financial statements

Our responsibility is to express a conclusion on the interim financial statements based on our review. NZ SRE 2410 (Revised) requires us to conclude whether anything has come to our attention that causes us to believe that the interim financial statements, taken as a whole, are not prepared in all material respects, in accordance with IAS 34 and NZ IAS 34. A review of interim financial statements in accordance with NZ SRE 2410 (Revised) is a limited assurance engagement. We perform procedures, primarily consisting of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (New Zealand) and International Standards on Auditing and consequently does not enable us to obtain assurance that we might identify in an audit. Accordingly, we do not express an audit opinion on these interim financial statements.



Who we report to

This report is made solely to the Company's shareholders, as a body. Our review work has been undertaken so that we might state to the Company's shareholders those matters which we are required to state to them in our review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the shareholders, as a body, for our review procedures, for this report, or for the conclusion we have formed.

The engagement partner on the review resulting in this independent auditor's review report is Philip Taylor.

For and on behalf of:

A handwritten signature in black ink, reading 'Nicola Stanger-Copps', written in a cursive style.

Chartered Accountants
23 November 2020

Auckland