
KINGFISH LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

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KINGFISH LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2021

	Notes	2021 \$000	2020 \$000
Interest income		49	292
Dividend income		5,410	5,834
Net changes in fair value of investments	2	150,504	1,575
Other income		3	28
Total net income		155,966	7,729
Operating expenses	3	13,233	5,957
Operating profit before tax		142,733	1,772
Total tax expense	4	20	30
Net operating profit after tax attributable to shareholders		142,713	1,742
Total comprehensive income after tax attributable to shareholders		142,713	1,742
Basic earnings per share	6	56.28c	0.75c
Diluted earnings per share	6	54.65c	0.75c

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

KINGFISH LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2021

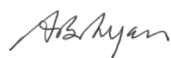
		<i>Attributable to shareholders of the Company</i>			
	Notes	Share Capital \$000	Performance Fee Reserve \$000	Retained Earnings \$000	Total Equity \$000
Balance at 31 March 2019		214,296	2,043	94,282	310,621
Comprehensive income					
Net operating profit after tax		0	0	1,742	1,742
Other comprehensive income		0	0	0	0
Total comprehensive income for the year ended 31 March 2020		0	0	1,742	1,742
Transactions with shareholders					
Dividends paid	5	0	0	(29,474)	(29,474)
Share buybacks	5	(681)	0	0	(681)
Shares issued from treasury stock under dividend reinvestment plan	5	600	0	0	600
New shares issued under dividend reinvestment plan	5	10,358	0	0	10,358
Shares issued for warrants exercised	5	52,247	0	0	52,247
Prior year Manager's performance fee settled with ordinary shares		1,898	(1,907)	0	(9)
Prior year Manager's performance fee settled with treasury stock		136	(136)	0	0
Total transactions with shareholders for the year ended 31 March 2020		64,558	(2,043)	(29,474)	33,041
Balance at 31 March 2020		278,854	0	66,550	345,404
Comprehensive income					
Net operating profit after tax		0	0	142,713	142,713
Other comprehensive income		0	0	0	0
Total comprehensive income for the year ended 31 March 2021		0	0	142,713	142,713
Transactions with shareholders					
Dividends paid	5	0	0	(33,895)	(33,895)
New shares issued under dividend reinvestment plan	5	12,402	0	0	12,402
Shares issued for warrants exercised	5	84,823	0	0	84,823
Total transactions with shareholders for the year ended 31 March 2021		97,225	0	(33,895)	63,330
Balance at 31 March 2021		376,079	0	175,368	551,447

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

KINGFISH LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2021

	Notes	2021 \$000	2020 \$000
SHAREHOLDERS' EQUITY		551,447	345,404
Represented by:			
ASSETS			
Current Assets			
Cash and cash equivalents	9	33,528	18,493
Trade and other receivables	7	369	2,387
Investments at fair value through profit or loss	2	526,523	324,953
Total Current Assets		560,420	345,833
TOTAL ASSETS		560,420	345,833
LIABILITIES			
Current Liabilities			
Trade and other payables	8	8,973	429
Total Current Liabilities		8,973	429
TOTAL LIABILITIES		8,973	429
NET ASSETS		551,447	345,404

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



A B Ryan
Chair
27 May 2021



C A Campbell
Chair of the Audit and Risk Committee
27 May 2021

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

KINGFISH LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2021

	Notes	2021 \$000	2020 \$000
Operating Activities			
Sale of listed equity investments		81,493	97,963
Interest received		49	292
Dividends received		5,612	6,296
Other income received		1	27
Purchase of listed equity investments		(129,235)	(130,186)
Operating expenses		(6,195)	(8,191)
Taxes paid		(20)	(30)
Net cash outflows from operating activities	9	(48,295)	(33,829)
Financing Activities			
Proceeds from warrants exercised		84,823	52,247
Share buybacks		0	(683)
Dividends paid (net of dividends reinvested)		(21,493)	(18,516)
Net cash inflows from financing activities		63,330	33,048
Net increase/(decrease) in cash and cash equivalents held		15,035	(781)
Cash and cash equivalents at beginning of the year		18,493	19,274
Cash and cash equivalents at end of the year	9	33,528	18,493

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 entities, and International Financial Reporting Standards (IFRS).


The financial statements have been prepared on the historical cost basis, except for investment assets at fair value through profit or loss.

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

The operating expenses include GST where it is charged by other parties as it cannot be reclaimed.

The impact of COVID-19 on the Company's financial statements was considered and, other than the impact of the post COVID-19 recovery on investment fair value gains, there have been no other impacts on the Company's financial reporting.


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.

There are no new accounting standards, amendments to standards and interpretations that have a material impact on these financial statements. The same applies for any new standards, amendments to standards and interpretations that have been issued but are not yet effective.

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 27 May 2021.

No party may change these financial statements after their issue.

Note 2 Investments at Fair Value Through Profit or Loss



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.



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

Note 2 Investments at Fair Value Through Profit or Loss (continued)

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 significant 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 (2020: none). There were no financial instruments classified as Level 2 or 3 at 31 March 2021 (2020: none).

Note 3 Operating Expenses

	2021	2020
	\$000	\$000
Management fees (note 10)	5,671	4,671
Performance fees (note 10)	6,291	0
Administration services (note 10)	159	159
Directors' fees (note 10)	176	174
Custody, accounting and brokerage	594	612
Investor relations and communications	150	136
NZX fees	64	55
Professional fees	19	50
Fees paid to the auditor:		
Statutory audit and review of financial statements	41	40
Non assurance services ¹	3	0
Other operating expenses	65	60
Total operating expenses	13,233	5,957

¹ Non-assurance services relate to agreed upon procedures performed in respect of the performance fee calculation. No other fees were paid to the auditor.

Note 4 Taxation

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

i 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 or substantively 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.

j A deferred tax asset of \$11,943,247, resulting from tax losses of \$42,138,868, at 31 March 2021 (2020: tax asset of \$8,813,609, tax losses of \$31,235,101) 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.

Note 4 Taxation (continued)

Taxation expense is determined as follows:	2021 \$000	2020 \$000
Operating profit before tax	142,733	1,772
Non-taxable realised gain on investments	(24,146)	(33,427)
Non-taxable unrealised (gain)/loss on investments	(126,351)	31,879
Imputation credits	1,499	1,696
Non-deductible expenditure	513	554
Taxable (loss)/income	(5,752)	2,474
Tax at 28%	(1,611)	693
Imputation credits	(1,499)	(1,696)
Deferred tax not recognised	3,130	1,033
Total tax expense	20	30
<i>Taxation expense comprises:</i>		
Current tax	20	30
	20	30
Current tax balance		
Opening balance	0	0
Current tax expense	(20)	(30)
Tax paid	20	30
Current tax receivable	0	0

Imputation credits

The imputation credits available for subsequent reporting periods total \$226,561 (2020: \$237,774). 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 2021.

Note 5 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 312,037,141 fully paid ordinary shares on issue (2020: 248,587,907). 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.

Buybacks

Kingfish maintains an ongoing share buyback programme. For the year ended 31 March 2021, Kingfish did not acquire any shares (2020: 472,965 shares to the value of \$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 (2020: nil).

Warrants

On 9 March 2020, 61,578,083 new Kingfish warrants were allotted and quoted on the NZX Main Board. One new warrant was issued to all eligible shareholders for every four shares held on record date (6 March 2020).

On 12 March 2021, 56,285,634 warrants valued at \$84,991,307, less issue costs of \$167,824 (net \$84,823,483), were exercised at \$1.51 per warrant and the remaining 5,292,449 warrants lapsed.

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.

Note 5 Shareholders' Equity (continued)

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:

	2021	Cents per		2020	Cents per
	\$000	share		\$000	share
26 Jun 2020	7,607	3.06	27 Jun 2019	6,114	3.07
25 Sep 2020	8,139	3.25	26 Sep 2019	7,827	3.23
18 Dec 2020	8,729	3.46	19 Dec 2019	7,553	3.09
26 Mar 2021	9,420	3.71	27 Mar 2020	7,980	3.24
	33,895	13.48		29,474	12.63

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 2021, 7,163,600 ordinary shares totalling \$12,401,697 (2020: 7,872,492 ordinary shares totalling \$10,957,572) 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 6 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.

	2021	2020
Basic earnings per share		
Profit attributable to shareholders of the Company (\$'000)	142,713	1,742
Weighted average number of ordinary shares on issue net of treasury stock ('000)	253,583	231,182
Basic earnings per share	56.28c	0.75c
Diluted earnings per share		
Profit attributable to shareholders of the Company (\$'000)	142,713	1,742
Weighted average number of ordinary shares on issue net of treasury stock ('000)	253,583	231,182
Diluted effect of warrants ('000)	7,570	1,796
	261,153	232,978
Diluted earnings per share	54.65c	0.75c

Note 7 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.

	2021	2020
	\$000	\$000
Dividends receivable	327	529
Unsettled investment sales	0	1,837
Other receivables	42	21
Total trade and other receivables	369	2,387

Note 8 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.

	2021	2020
	\$000	\$000
Related party payable (note 10)	7,345	388
Unsettled investment purchases	1,487	0
Other payables and accruals	141	41
Total trade and other payables	8,973	429

Note 9 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.

	2021	2020
	\$000	\$000
Cash - New Zealand dollars	33,528	18,493
Cash and Cash Equivalents	33,528	18,493

KINGFISH LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

Note 9 Cash and Cash Flow Reconciliation (continued)

Reconciliation of Net Operating Profit after Tax to Net Cash Flows from Operating Activities	2021	2020
	\$000	\$000
Net operating profit after tax	142,713	1,742
Items not involving cash flows		
Unrealised (gains)/losses on revaluation of investments	(126,351)	31,879
	(126,351)	31,879
Impact of changes in working capital items		
Increase/(decrease) in trade and other payables	8,544	(2,581)
Decrease in trade and other receivables	2,018	10,423
	10,562	7,842
Items relating to investments		
Amount paid for purchases of investments	(129,235)	(130,186)
Amount received from sales of investments	81,493	97,963
Realised gains on investments	(24,153)	(33,454)
(Increase)/decrease in unsettled purchases of investments	(1,487)	334
Decrease in unsettled sales of investments	(1,837)	(9,941)
	(75,219)	(75,284)
Other		
Increase in share buybacks payable	0	2
Expenses in relation to prior year's performance fee settled by issue of shares	0	(10)
	0	(8)
Net cash outflows from operating activities	(48,295)	(33,829)

Note 10 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.

(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 adjusted net asset value (prior to performance fees) 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.

Note 10 Related Party Information (continued)

(ii) Performance fee (continued):



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

For the year ended 31 March 2021, excess returns of \$125,658,709 were generated (31 March 2020: no excess returns were generated) and the net asset value per share before the deduction of a performance fee was \$1.79 (2020: \$1.39), which exceeded the HWM after adjustment for capital changes and distributions of \$1.26 (2020: \$1.37). Accordingly, the Company has expensed a capped performance fee of \$6,290,731 in the Statement of Comprehensive Income for the year ended 31 March 2021 (2020: 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:	2021	2020
	\$000	\$000
Fees earned by and accrued to the Manager for the year ended 31 March		
Management fees	5,671	4,671
Performance fees	6,291	0
Administration services	159	159
Total fees earned by and accrued to the Manager	12,121	4,830

Fees payable to the Manager at 31 March		
Management fees	1,028	375
Performance fees	6,291	0
Administration services	26	13
Total amount payable to the Manager	7,345	388

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 2021 totalled \$nil (2020: \$1,816,526) and no sales were made (2020: \$767,561).

Directors

The directors of Kingfish are the only key management personnel and they are paid a fee for their services. The directors' fee pool is \$157,500 (plus GST, if any) per annum (2020: \$157,500). 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 31 March 2021 and warrants during the year. The table below shows a reconciliation of opening and closing share holdings and warrant holdings for all directors or their associates:

	2021	2020
	\$000	\$000
Opening market value of shares held by directors or their associates	14,464	6,734
Plus shares issued for warrants exercised	4,232	1,557
Plus other share purchases	61	6,872
Plus share price movements	7,937	(699)
Closing market value of shares held by directors or their associates	26,694	14,464
Opening market value of warrants held by directors or their associates	84	75
Plus new warrants issued and price movements	785	184
Less warrants exercised	(869)	(175)
Closing market value of warrants held by directors or their associates	0	84

Dividends of \$1,513,160 (2020: \$1,224,783) were also received by directors or their associates as a result of their shareholding.

Note 11 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.

The Management Agreement between Kingfish and Fisher Funds details permitted investments. Financial instruments currently recognised in the financial statements also comprise cash and cash equivalents, trade and other receivables and trade and other payables.

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, diversification and daily monitoring of the market positions. For corporate governance purposes there is also 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 2021, and therefore fluctuations in the value of these portfolio companies will have a greater impact on the overall investments balance.

	2021	2020
Mainfreight Limited	18%	16%
Fisher and Paykel Healthcare Corporation Limited	16%	19%
Infratil Limited	14%	10%

Interest Rate Risk

Interest rate risk is the risk of movements in local interest rates. The Company is 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 2021 (2020: 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:

		2021	2020
		\$000	\$000
Price risk ¹			
Investments at fair value through profit or loss (listed)	Carrying value	526,523	324,953
	Impact of a 20% change in market prices: +/-	105,305	64,991
Interest rate risk ²			
Cash and cash equivalents	Carrying value	33,528	18,493
	Impact of a 1% change in interest rates: +/-	335	185

¹ A variable of 20% is considered appropriate for market price risk sensitivity analysis based on historical price movements.

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 interest rate rather than a percentage change in interest rate.

Note 11 Financial Risk Management (continued)

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.

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 and are normally settled within three business days. Dividends receivables are due from listed New Zealand companies and are normally settled within a month after the Ex-Dividend date.

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 balance date, cash at bank was held with counterparties with a credit rating of S&P AA- or equivalent. Trade and other receivables 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.

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

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

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. All trade and other payables have contractual maturities of 3 months or less.

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 2021 (2020: nil).

There have been no subsequent events to suggest any issues with satisfying working capital and investment requirements.

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 secure 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.

Note 12 Net Asset Value

The audited net asset value of Kingfish as at 31 March 2021 was \$1.77 per share (2020: \$1.39) calculated as the net assets of \$551,446,689 divided by the number of shares on issue of 312,037,141 (2020: net assets of \$345,403,828 and shares on issue of 248,587,907).

Note 13 Commitments and Contingent Liabilities

There were no unrecognised contractual commitments or contingent liabilities as at 31 March 2021 (2020: nil).

Note 14 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 15 Subsequent Events

(i) On 30 April 2021, Fisher Funds received a GST refund plus use of money interest (UOMI) from the IRD. The refund relates to the period 1 April 2004 to 31 July 2009 when the Manager applied 15% GST on management fees, when a subsequent assessment confirmed the Manager was entitled to charge 1.5% GST on management fees. The total GST refund received by the Manager is \$1,413,475, being overcharged GST refunded of \$1,385,125 and UOMI of \$28,350.

The GST refund has been received by Kingfish in May 2021.

The GST refund and UOMI are excluded from any performance fee calculation, consistent with how they have been treated in the past given they are not performance related income for the year.

(ii) In accordance with the terms of the Management Agreement, Kingfish will settle the performance fee due to Fisher Funds of \$6,290,731 relating to the year ended 31 March 2021, on or before 28 May 2021.

(iii) On 27 May 2021, the Board declared a dividend of 3.60 cents per share. The record date for this dividend is 10 June 2021 with a payment date of 25 June 2021.

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



Independent auditor's report

To the shareholders of Kingfish Limited

Our opinion

In our opinion, the accompanying financial statements of Kingfish Limited (the Company) present fairly, in all material respects, the financial position of the Company as at 31 March 2021, its financial performance and its cash flows for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and International Financial Reporting Standards (IFRS).

What we have audited

The financial statements comprise:

- the statement of financial position as at 31 March 2021;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)) and International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* (PES 1) issued by the New Zealand Auditing and Assurance Standards Board and the *International Code of Ethics for Professional Accountants (including International Independence Standards)* issued by the International Ethics Standards Board for Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our firm carries out agreed-upon procedures for the Company in relation to the performance fee calculation. The provision of this service has not impaired our independence as auditor of the Company.

Key audit matter

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. Given the nature of the Company, we have one key audit matter: Valuation and existence of investments at fair value through profit or loss. The matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on the matter.



Description of the key audit matter	How our audit addressed the key audit matter
<p data-bbox="277 474 820 537">Valuation and existence of investments at fair value through profit or loss</p> <p data-bbox="277 555 847 647">Investments at fair value through profit or loss (the investments) are valued at \$527 million and represent 94% of total assets.</p> <p data-bbox="277 665 815 728">Further disclosures on the investments are included at note 2 to the financial statements.</p> <p data-bbox="277 745 852 837">This was an area of focus for our audit and an area where a significant proportion of audit effort was directed.</p> <p data-bbox="277 855 810 983">As at 31 March 2021, all investments were in companies that were listed on the NZX Main Board and were actively traded with readily available, quoted market prices.</p> <p data-bbox="277 1001 836 1160">All investments are held by Trustees Executors Limited (the Custodian) on behalf of the Company. Trustees Executors Limited also provides administration services for the Company.</p>	<p data-bbox="884 555 1430 683">Our audit procedures included updating our understanding of the business processes employed by the Company for accounting for, and valuing, its investment portfolio.</p> <p data-bbox="884 701 1458 792">We obtained confirmation from the Custodian that the Company was the recorded owner of all the recorded investments.</p> <p data-bbox="884 810 1465 999">We obtained copies of and assessed Trustees Executors Limited's Internal Controls Reports for Custody, Superannuation Member Administration, Investment Accounting and Registry for the period from 1 April 2020 to 31 March 2021.</p> <p data-bbox="884 1016 1465 1108">We agreed the price for all investments held at 31 March 2021 to independent third-party pricing sources.</p> <p data-bbox="884 1126 1337 1189">No matters arose from the procedures performed.</p>

Our audit approach
Overview

Materiality	<p data-bbox="643 1332 1398 1395">Overall materiality: \$2,753,000, which represents approximately 0.5% of the net assets.</p> <p data-bbox="643 1395 1430 1487">We used this benchmark because, in our view, the objective of the Company is to provide investors with a total return on its assets, taking account of both capital and income returns.</p>
Key audit matters	<p data-bbox="643 1496 1430 1554">As reported above, we have one key audit matter, being: <i>Valuation and existence of investments at fair value through or loss.</i></p>

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Company, the accounting processes and controls, and the industry in which the Company operates.



Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance about whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out above. These, together with qualitative considerations, helped us to determine the scope of our audit, the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the financial statements as a whole.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the other information not yet received, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Directors and use our professional judgement to determine the appropriate action to take.

Responsibilities of the Directors for the financial statements

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

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (NZ) and ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



A further description of our responsibilities for the audit of the financial statements is located at the External Reporting Board's website at:

<https://www.xrb.govt.nz/assurance-standards/auditors-responsibilities/audit-report-2/>

This description forms part of our auditor's report.

Who we report to

This report is made solely to the Company's shareholders, as a body. Our audit work has been undertaken so that we might state those matters which we are required to state to them in an auditor's 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 Company and the Company's shareholders, as a body, for our audit work, for this report or for the opinions we have formed.

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

For and on behalf of:

A handwritten signature in cursive script that reads 'PricewaterhouseCoopers'.

Chartered Accountants
27 May 2021

Auckland