

march 2007

update



Dear Shareholders & Warrant Holders

Barramundi has now been operating for just over five months after listing on the New Zealand Stock Exchange, 26 October 2006.

The Board is pleased to report the following performance, during the March 2007 quarter, a period of continued portfolio investment.

- Net Asset Value ("NAV") continued to grow, by 7.7% since we last reported in our newsletter of 31 December 2006 and 9.9% since listing.
- After trading at unexpected highs, the share price closed the quarter at \$1.05, near to NAV per share of \$1.07.

Our Manager, Fisher Funds has been making good progress in building the portfolio. Fisher Funds, provide further commentary regarding progress below.

With best wishes.

Rob Challinor
Chairman - Barramundi Limited
12 April 2007

Barramundi Quarterly Review Fisher Funds

The March quarter is an important one for both the market and the Barramundi portfolio companies, as half year results are reported by most Australian companies. This gives us a real chance to gauge our companies' progress and see if the good strategic and operational work they have been doing translates in earnings growth – for us, this is the 'raw material' of share price appreciation.

Portfolio Review

The portfolio performed strongly in the first quarter of 2007 with the Net Asset Value lifting 7.7%. While this was 0.4% behind the broad market return over the same period we were pleased to achieve this performance given the relatively high cash levels maintained during the period. Key contributors to performance were investments in Arrow Energy, Credit Corp and Centrebet. Over the quarter the share prices for these three companies rose by 40%, 33% and 26% in Australian dollar terms respectively.

The first half profit reporting season generally treated the portfolio companies kindly with earnings up by a staggering 47% on average over the previous year. The only real disappointment was Vision Group (ophthalmology (eye) surgical company), which posted first half profit growth of 2.4% on the prior year. This was a poor result despite good revenue growth of 34%, with the margin squeeze coming from mix changes (less refractive surgery which is higher margin), the addition of some new doctors in the period who are expensive and didn't contribute much to revenues and some costs incurred in the Victorian practice as two doctors were lost (the CEO stopped practicing and one doctor became ill and was forced to retire). We have spent considerable time with the company since the result and remain comfortable that, despite the poor result, the long term picture for Vision remains sound and the company continues to meet our investment criteria.

Arrow Energy was the stand-out performer over the quarter. Arrow benefited from continued corporate interest in the coal seam methane sector and as a result of a significant investment into their business by Swedish coal seam investor EIG Infrastructure Group. This deal means that Arrow will be able to commercialise its asset base much more quickly than previously expected which we see as delivering significant value to shareholders. Arrow was also boosted by a significant upgrade in their resource base, that in energy equivalent terms, equated to around 46 million barrels of oil – a very significant upgrade.

Portfolio Changes

We continued to build the Barramundi portfolio over the quarter. At the end of the quarter 75% of the portfolio was invested in Australian equities.

Following on from our last Update newsletter we thought it would be useful to provide you with brief details on two more of the Barramundi core portfolio positions. Further profiles can be found on our website www.barramundi.co.nz.



Aevum is the only listed specialist Retirement Village operator in the Australian share market. Fisher Funds has long recognised the growth potential of the retirement village and aged care sectors, which are supported by very favourable demographic trends with our ageing population. We believe that Aevum can earn high returns on invested >

At a Glance

Performance for the period 26 Oct '06 to 31 Mar '07 (since listing):

| | | | |
|-------------------------|----------|---------|--------|
| Net Asset Value | \$1.0710 | +7.10% | 9.85%* |
| Diluted Net Asset Value | \$1.0473 | +4.73% | 7.42%* |
| Share Price | \$1.05 | +5.00% | |
| Warrant price | \$0.26 | +26.00% | |

Performance for the three months 1 Jan '07 to 31 Mar '07:

| | |
|-------------------------|--------|
| Net Asset Value | +7.7% |
| Diluted Net Asset Value | +5.3% |
| Share Price | - 2.8% |
| Warrant price | - 8.8% |

Notable Mar Quarter Share Price Gains/(Losses), including Dividends (AUD terms)

| | |
|---------------------------------|-------|
| Arrow Energy Limited | +40% |
| Credit Corp Group Limited | +33% |
| Centrebet International Limited | +26% |
| Vision Group Holdings Limited | - 30% |

* Based on adjusted Net Asset Value per share at listing of \$0.9750, representing the issue price of \$1.00 less issue costs of \$0.025 per share.

Portfolio Holdings Summary as at 31 Mar '07

Australian Equity Holdings 75%

Barra Holdings Limited

(including five largest portfolio weightings):

| | |
|--|-------------------------------|
| Arrow Energy Limited (15.7%) | Oakton Limited |
| Aevum Limited (5.9%) | Pipe Networks Limited |
| Austbrokers Holdings Limited | Reckon Limited |
| Bravura Solutions Limited | Tox Free Solutions Limited |
| Credit Corp Group Limited (10.1%) | Treasury Group Limited (5.7%) |
| CDS Technologies Limited | Vision Group Holdings Limited |
| Centrebet International Limited (6.1%) | WHK Group Limited |

Barra Nursery Limited:

| | |
|------------------------------|-----------------------|
| Bluefreeway Limited | MacArthurcook Limited |
| McMillan Shakespeare Limited | |

Cash 25%

(Barramundi Holdings owns the core portfolio of companies that are expected to be owned for many years. Barramundi Nursery will own shares in companies that have not yet met all investment criteria to become a core holding).

assets, just as its New Zealand counterparts Ryman Healthcare and Metlifecare have demonstrated. Aevum, in our view, has an attractive portfolio of villages located in premium areas either close to Sydney, where it is next to impossible to build villages nowadays, or in attractive retirement locations such as Port Macquarie. This is a well managed business that will be a real beneficiary of Australia's ageing demographic.

Centrebet is an online wagering and gaming business. Centrebet's core competence is in two key areas – book making (which requires specialist systems and personnel expertise) and customer acquisition and marketing. We think Centrebet is poised to deliver strong long run earnings growth on the back of organic growth in online wagering and gaming – in Europe online gaming and wagering is forecast to grow at over 15% pa over the next five years. Centrebet will also benefit from expanding their product suite and in doing so will leverage a core wagering customer base of 60,000 clients to cross-sell gaming product.



Carmel Fisher
 Managing Director - Fisher Funds Management Ltd
 12 April 2007

| Relative Performance (31 March 2007) | One Month | Three Months | Since Inception (IPO) |
|--|-------------|--------------|-----------------------|
| Barramundi NAV | 5.1% | 7.7% | 9.9% |
| 90 Day Bank Bill Index (NZD) + 7% p.a. | 1.2% | 3.6% | 6.4% |
| <i>Difference</i> | 3.9% | 4.1% | 3.5% |
| S&P/ASX 300 (in NZD) | 3.8% | 8.1% | 10.0% |
| S&P/ASX Small Ords (in NZD) | 4.5% | 8.4% | 12.2% |

Points of Interest

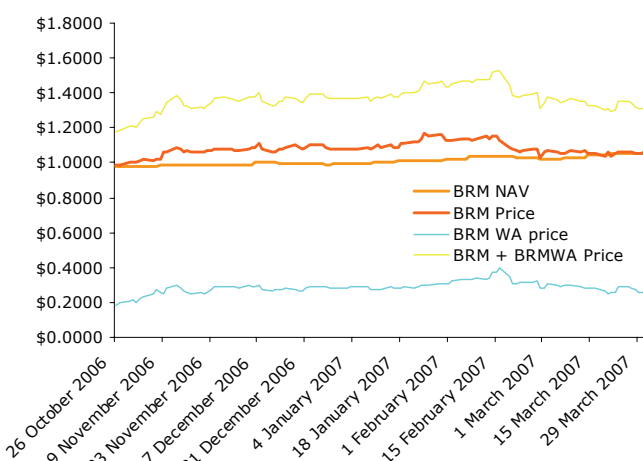
Changes to Income Tax Act 2004

The Government has introduced legislation which changes the way New Zealand resident 'pooled investment vehicles', such as Barramundi are taxed. Barramundi can elect to become a "Portfolio Investment Entity" or "PIE" under the new legislation, which commences 1 October 2007. Barramundi is intending to become a PIE.

Shareholders will benefit from Barramundi becoming a PIE in the following ways:

- From 1 October 2007, Barramundi will no longer be taxed on any capital gains on the sale of investments in the Barra Nursery portfolio.
- As a PIE, Barramundi will be able to distribute capital gains tax free to shareholders.
- The Manager, Fisher Funds, will be able to trade investments more 'freely' and to undertake one-off 'short-term' transactions

Barramundi Net Asset Value, Share and Warrant Price Performance



should they think they can improve the return on the Barramundi portfolio.

- Any dividends paid to shareholders will be exempt income for income tax purposes.

The Government has also introduced legislation regarding the way offshore portfolio investments in shares are taxed.

These tax changes (the new Foreign Investment Fund (FIF) regime), apply for income years beginning on or after 1 April 2007. The tax changes apply to Barramundi from 1 July 2007 as it has a 30 June balance date.

The FIF regime applies to any Australian equity investments that:

- are not 'resident' Australian companies, or
- do not maintain a franking credit account, or
- are not listed on an approved index, effectively the ASX/S&P All Ordinaries Index which applies to approximately the top 500 shares listed on the ASX.

The key change for Barramundi is the introduction of a "Fair Dividend Rate" (FDR) methodology for calculating taxable income on investments caught by the FIF regime. The 'FDR' methodology results in a taxable income of 5% of the opening market value at the start of the income year, for those investments caught.

Investments which are exempt from the FIF regime will continue to be taxed under the current rules until 1 October 2007 and then will be taxed only on any dividends received. Investments which are not exempt will be taxed using the new FDR methodology. Investments representing approximately 7% of the Barramundi portfolio are currently not exempt.

Companies intending to become PIE's had an ability (up to 1 April 2007) to elect to defer the commencement of the new FIF regime to 1 October 2007. The Barramundi Board recently announced to the market that it did not elect to defer, based on our Manager's belief that taxes payable under the new regime would be less than that under the current regime, for the period 1 July to 30 September 2007.

Overall the tax changes are expected to be positive for Barramundi shareholders.

The above comments do not constitute tax advice to investors, as tax implications will depend on each investor's tax profile and circumstances. We encourage shareholders to seek their own tax advice.

What's coming up?

- 30 June 2007 Full Year preliminary result – early August 2007
- 30 June 2007 Annual Report publication – August 2007
- Barramundi Annual Shareholders Meeting – September 2007
- "Update" newsletter September 2007 – October 2007
- Start of optional Warrant Exercise Period – 26 October 2007

Going forward, the Barramundi "Update" newsletter will be produced for the March and September quarters only. The Annual and Interim Reports will cover the June and December periods. Should you prefer to receive future Update newsletters electronically please email us at enquire@barramundi.co.nz.