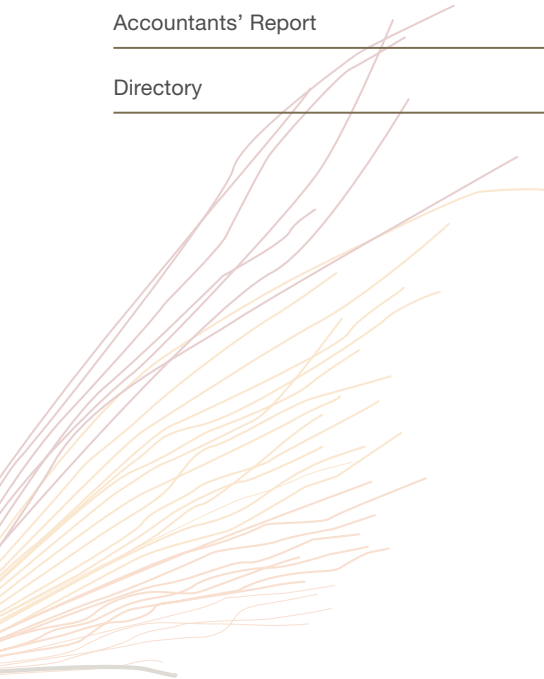




Interim Report  
31 December 2009

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## Directors' Overview

Barramundi's share portfolio continued its outstanding recovery during the six months ended 31 December 2009, with a return of 29.6% after expenses and taxes. March 2009 proved to be a turning point for equity markets as they rebounded strongly from their lows of the previous twelve months.



It is pleasing to report a \$21.7 million financial surplus for the six months. Barramundi's Net Asset Value (NAV) grew to 91c which, after including dividends of 3.19c paid to shareholders during the six months, is quite a turnaround from 72c at 30 June 2009 and 55c a year ago. Our Manager's patience and strategy as set out in their following report is clearly being successful.

On 24 September, the Board announced an issue of one new warrant for every two shares held at the record date of 23 October, exercisable at 75c on quarterly dates up to 27 October 2011. The 50.5 million warrants issued were listed on the NZX under the ticker "BRMWB". Nearly 215,000 were exercised on the first optional date of 24 November 2009 and 3,750 on 23 February 2010. Warrant holders are reminded to check the Barramundi share price close to future exercise dates and to seek advice on whether or not to exercise their warrants at those times. We will inform you at least six weeks prior to each future exercise date, the next being on 25 May 2010.

Although Barramundi's share price gained considerably over the past 12 months to

70c, it still lags noticeably behind NAV even after adjusting for the dilutionary effect of warrants on issue and the warrant price of 12c. Narrowing the discount to more acceptable levels continues to be a focus of the Board.

Barramundi's share and warrant buyback programmes were renewed by the Board for a further twelve months on 30 October, allowing the Company to acquire, on market, up to 5 million shares to be held as treasury stock and 2.5 million warrants which would be cancelled immediately upon any acquisition. While 313,073 shares have been bought back since the programme was renewed, the Board has not considered buying back warrants at this stage.

Two dividends have been paid under Barramundi's new dividend policy amounting to 3.19 cents per share in the last six months, with the next quarterly instalment of an additional 1.84 cents per share due to be paid on 19 March 2010 (record date 5 March). Encouragingly, the number of shares participating in the dividend reinvestment plan has risen by 5% from the first dividend payment in September 2008 >>

## Directors' Overview *continued*

as shareholders increasingly recognise the attractive re-investment issue price and the growth potential that Barramundi offers over the longer term.

Although the worst may be over, share markets will continue to be buffeted by any negative global economic news and perceptions. Barramundi's recent performance has been solid, and with on-going prudent portfolio management, we trust there will be further positive news in coming months.

On behalf of the Board,



**Rob Challinor**

*Chairman*

24 February 2010

### Upcoming Events

19 March	Dividend Payment (record date 5 March)
25 May	Warrant Exercise
18 June	Dividend Payment (record date 4 June)
30 June	Financial Year-end

## Barramundi Net Asset Value and Share Price



Relative Performance (31 Dec 2009)	Six Months	One Year	Since Inception
Barramundi NAV	29.6% <sup>1</sup>	70.4% <sup>1</sup>	-1.3% <sup>2</sup>
S&P/ASX 300*	24.5%	42.5%	9.9%
S&P/ASX Small Ords Industrial*	27.1%	50.1%	-11.4%

<sup>1</sup> Includes 3.19cps dividends paid

<sup>2</sup> Includes 5.19cps dividends paid

\* Includes dividends and in New Zealand Dollar terms.

	31 Dec 2009	30 Jun 2009	Six Month Change
Share Price	\$0.70	\$0.54	29.6%

# Manager's Report

## Market Environment and Portfolio Performance

Despite a very challenging couple of years Barramundi's investment strategy of owning high quality smaller businesses that are able to grow their earnings has paid off handsomely over the past six months. For the period the Barramundi portfolio generated a return of 29.6%, comfortably outpacing the S&P/ASX Small Industrial Company Index by 2.5%. It was an amazing half with every portfolio holding posting positive returns.

The stars for the six months were Credit Corp, which rose a staggering 137.3% as the business was successfully turned around by new CEO Thomas Beregai; Aevum, up 57.8% as sanity returned to the market and investors realised that high quality retirement living assets close to the Sydney CBD should sell for more than 40% of asset backing; and Pipe Networks, up 43%, with a profit upgrade and subsequent takeover offer.

## Portfolio Company Highlights

Probably the key piece of news for the half is a takeover offer for **Pipe Networks** from Australian listed telecommunications player TPG Telecom. The takeover offer, which has received initial support from Pipe's Board, is pitched at \$6.30 per share. Whilst receiving a takeover offer is a positive endorsement of Pipe's strong business model we believe the takeover price offered materially undervalues the company. As such we are unlikely to support the bid in its current form and are actively working to extract a higher price. Why are we of this view? Simply put, Pipe's assets are of such strategic value that we would only willingly part with them for a premium

price. Pipe's fibre optic cable network is now a key part of Australia's telecommunications and internet architecture; the company has grown earnings at a compound growth rate of 48% over the past five years and we expect the company to double its earnings this year. This is a very high quality company.

**Pharmaxis** released the results of the six month safety extension study of its key drug Bronchitol, a treatment for cystic fibrosis. The results were impressive on a number of fronts. Two data points underpin this. First, patients who had been on Bronchitol for the initial six months of the trial (some had been on placebo) saw their lung function continue to improve into the second six months of the trial. Second, those who were on placebo for the first six months saw a massive 10.3% improvement in lung function after they were put on Bronchitol for the second six months of the twelve month trial. These results demonstrate that Bronchitol has a sustained, reliable effect improving the lung function of patients suffering from cystic fibrosis. Most importantly for investors, Bronchitol's efficacy is well above the results recorded from anything that is currently on the market

or under late stage development. In short, Bronchitol can change the course of the disease for cystic fibrosis sufferers and grant them longer lives. This point cannot be over-emphasised and is the core reason for our investment in Pharmaxis.

**ToxFree Solutions**, a specialist waste management firm based in Western Australia, advised the market that it has won a contract from mining giant Rio Tinto for the supply of industrial and waste management services in the Pilbara region. This is a superb contract win and underlines Toxfree's dominant market position in the mineral and oil rich areas of WA. Great news.

During the last six months we introduced one new company to the portfolio. **Noni B** is a specialist retailer focusing on the 40+ year old woman's fashion segment. We believe Noni B will post strong earnings growth over the next three to five years as sales rebound from the global financial crisis, the company experiences a demographic tailwind and it continues a measured rollout of new stores. The pricing on this stock is very reasonable with a price earnings ratio of 10.3x on broker consensus forecasts. Adding to the story, just a few weeks after our initial purchase the company revised its earnings guidance upwards for the first half of 2010. An early win like this is always nice.

## Outlook

Each January masses of paper gets churned

with economists and strategists pondering the outlook for the year (US stock research firm Birinyi Associates have toted up all the 2010 forecasts they have received and it runs to over 3,500 pages!). Most of this effort is wasted with the inherent uncertainty of financial markets invariably surprising the so called "experts". Despite this caveat it is worth stepping back and thinking through the issues that might confront us over the next twelve months and how the Barramundi portfolio is positioned to handle these "slings and arrows".

There are a number of themes likely to be the focus for investors in 2010:

***Continued growth rebound*** – Australia has been an economic miracle during the past two years narrowly avoiding a technical recession; admittedly only by the skin of its teeth. With the recession averted, economists expect a return to healthier growth rates built on a recovery in consumption, increases in private dwelling investment and a positive business investment cycle particularly in the mining and oil and gas industries. Consensus estimates are predicting economic growth of 3.6% in 2010.

***Accompanied by higher interest rates*** – with the Australian economy not having cratered like much of the developed world it has not built up the same negative output gap. This means that the expected growth rebound is likely to have more severe inflationary consequences. We are already >>

## Manager's Report *continued*

seeing anecdotal hints of this with some mining services companies, for instance, citing nascent labour pressures with early evidence of labour hoarding. The Reserve Bank of Australia has already begun to act, raising the official cash rate three times from 3.0% to 3.75%. Economists expect rates to move to mid cycle levels of around 4.75% by the end of this year.

***Earnings multiple expansion phase over*** – according to data from investment bank Credit Suisse - the two year forward price earnings ratio on the Australian share market plummeted during the global financial crisis from one standard deviation overvalued at the end of 2007 to a wildly undervalued 8x at the depths of the crisis. The market rally since March 2009 has taken this measure back to just above 13x; in line with long run averages. The period of multiple expansion, at least at an aggregate index level, is over.

***Fixed operating leverage to drive Earnings Per Share growth*** – many companies suffered a perfect storm in 2008/09 with excessive financial and operating leverage scuttling profitability. This led to some high profile company failures and a number of highly dilutive 12<sup>th</sup> hour recapitalisations. What hurt in 2008/09 is likely to help profitability in 2010. With the re-emergence of top line growth and the cost-out initiatives undertaken by many companies over the past two years, businesses with high levels of fixed cost operating leverage are likely

to experience explosive profit growth. If the past is anything to go by, analysts will underestimate the margin expansion likely in this environment. Owning cheap operating leverage will pay handsomely.

***M&A activity to be a feature*** – there are a number of drivers pointing to an increase in M&A activity in 2010. Most importantly, corporate balance sheets are flush with cash, confidence is re-emerging and there is value in the market, particularly for larger companies looking to acquire small cap stocks. Adding to the domestic M&A picture, the Chinese are also becoming increasingly active, looking to build long term positions in resources and food businesses. Goldman Sachs JB Were notes<sup>1</sup> that “historically, periods immediately following an economic downturn have seen M&A deal levels approximating 18-20% of market capitalization.” Activity has already picked up – we expect more.

This is a vastly different picture than the last two years where any outlook commentary would have focused on international issues, largely in the US, with the health of the global financial system the dominant force driving markets. 2010 will be back to a much more normal environment with individual stock fundamentals driving returns rather than macroeconomic headlines. We expect lower volatility as a result.

These themes are already beginning to influence the Barramundi portfolio.

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<sup>1</sup> Australian Market Outlook 2010: Research Report December 2009

**Earnings upgrades are coming through** – since June 2009 analysts have upgraded 2010 earnings assessments for your portfolio companies by 6.5% on average. Some of these upgrades are as a result of explicit guidance by companies, and Pipe Networks is a good example. Other upgrades reflect increased analyst confidence in the economic outlook.

**Strong level of absolute growth** – with upgrades coming through we are expecting strong earnings growth from the Barramundi portfolio companies in 2010, reflecting not only the improved economic outlook but also the culmination of growth strategies that these businesses have in place. Based on analysts' forecasts we expect our companies to grow earnings on average 26.0% in 2010 and 17.5% in 2011. Strong growth at reasonable valuations should translate to healthy share price returns.

**Valuations still reasonable** – like the aggregate market the companies in the Barramundi portfolio have enjoyed a healthy valuation re-rating from the darkest days of the global financial crisis. This has been a huge driver of returns over the past twelve months. Despite the rise in average Price Earnings ratios across the portfolio we are comfortable with pricing of our stocks and believe that, barring any resumption of the macroeconomic factors that upset global markets over the past two years, our portfolio companies are priced to deliver attractive returns.

**2010 the year of M&A** – we are hopeful of M&A activity igniting the performance of some of the portfolio holdings over the next twelve months. We already have one offer on the table for Pipe Networks and the jungle drums continue to point to potential activity in both **Arrow Energy** and **Centrebet**. We will wait with bated breath.

*For full details of all the companies in the portfolio please see our website [www.barramundi.co.nz](http://www.barramundi.co.nz) >>*

## Manager's Report continued

### Barramundi Portfolio Stocks at 31 December 2009

COMPANY	% HOLDING
Aevum	7.7%
Arrow Energy	10.2%
Austbroker Holdings	4.2%
Bravura Solutions	4.0%
Centrebet Limited	4.4%
Credit Corp	3.3%
McMillan Shakespeare	5.0%
Noni B	1.1%
Oakton	1.7%
Pharmaxis	10.0%
Pipe Networks	11.2%
Reckon	3.9%
ToxFree Solutions	6.3%
Treasury Group	2.7%
Vision Group	2.5%
WHK Group	5.0%
<b>Equity Total</b>	<b>83.2%</b>
New Zealand Dollar cash	2.4%
Australian Dollar cash	14.4%
<b>Cash Total</b>	<b>16.8%</b>
<b>TOTAL</b>	<b>100.0%</b>



**Carmel Fisher**  
*Managing Director*  
 24 February 2010



**Frank Jasper**  
*Senior Portfolio Manager*  
 24 February 2010

BARRAMUNDI LIMITED

## STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 31 DECEMBER 2009

	NOTES	6 MONTHS ENDED 31/12/09	6 MONTHS ENDED 31/12/08
		UNAUDITED \$000	UNAUDITED \$000
Interest income		213	282
Dividend income		892	1,181
Foreign exchange losses on cash and cash equivalents	1(i)	(168)	(437)
Net changes in fair value on investments at fair value through profit or loss	1(ii)	21,986	(33,395)
<b>Total net income</b>		<b>22,923</b>	<b>(32,369)</b>
Operating expenses	1(iii)	(1,018)	(646)
<b>Operating profit/(loss) before tax</b>		<b>21,905</b>	<b>(33,015)</b>
Total tax expense	3	(185)	(149)
<b>Net operating profit/(loss) after tax attributable to shareholders</b>		<b>21,720</b>	<b>(33,164)</b>
<b>Total comprehensive income after tax attributable to shareholders</b>		<b>21,720</b>	<b>(33,164)</b>
<b>Earnings per share</b>			
<b>Basic earnings per share</b>			
<i>Profit/(loss) attributable to owners of the Company (\$'000)</i>		21,720	(33,164)
<i>Weighted average number of ordinary shares on issue net of treasury stock ('000)</i>		100,845	101,174
		<b>\$0.22</b>	<b>\$(0.33)</b>
<b>Diluted earnings per share</b>			
<i>Profit/(loss) attributable to owners of the Company (\$'000)</i>		21,720	(33,164)
- Ordinary shares on issue		100,845	101,174
- Warrants on issue		50,481	49,447
<i>Weighted average number of ordinary shares on issue adjusted for warrants and net of treasury stock ('000)</i>		151,326	150,621
		<b>\$0.14</b>	<b>\$(0.22)</b>

The Notes to the Financial Statements set out on pages 16 to 24 should be read in conjunction with this Statement of Comprehensive Income.

BARRAMUNDI LIMITED  
**STATEMENT OF CHANGES IN EQUITY**  
 FOR THE SIX MONTHS ENDED 31 DECEMBER 2009

	NOTES	6 MONTHS ENDED 31/12/09	6 MONTHS ENDED 31/12/08	YEAR ENDED 30/06/09
		UNAUDITED \$000	UNAUDITED \$000	AUDITED \$000
<b>Total comprehensive income for the period attributable to owners</b>		<b>21,720</b>	<b>(33,164)</b>	<b>(15,717)</b>
Profit/(loss) for the period		21,720	(33,164)	(15,717)
<b>Contributions from owners</b>				
- Ordinary shares	2	161	0	0
- Dividends re-invested	2	989	555	555
<b>Distribution to owners</b>				
- Dividends paid		(3,214)	(2,019)	(2,019)
- Share buybacks	2	(465)	(248)	(653)
<b>Movements in equity for the period</b>		<b>19,191</b>	<b>(34,876)</b>	<b>(17,834)</b>
Equity at beginning of period		72,783	90,617	90,617
<b>Equity at end of period</b>		<b>91,974</b>	<b>55,741</b>	<b>72,783</b>

The Notes to the Financial Statements set out on pages 16 to 24 should be read in conjunction with this Statement of Changes in Equity.

BARRAMUNDI LIMITED  
**STATEMENT OF FINANCIAL POSITION**  
 AS AT 31 DECEMBER 2009

	NOTES	31/12/09	31/12/08	30/06/09
		UNAUDITED \$000	UNAUDITED \$000	AUDITED \$000
<b>ASSETS</b>				
<b>Current Assets</b>				
- Cash and cash equivalents		14,840	6,939	11,753
- Trade and other receivables		41	317	543
- Current tax receivable		0	185	0
- Investments at fair value through profit or loss	4	77,382	48,785	60,757
<b>Total Current Assets</b>		<b>92,263</b>	<b>56,226</b>	<b>73,053</b>
<b>Total Assets</b>		<b>92,263</b>	<b>56,226</b>	<b>73,053</b>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
- Trade and other payables		141	29	123
- Current tax payable		148	456	147
<b>Total Current Liabilities</b>		<b>289</b>	<b>485</b>	<b>270</b>
<b>Total Liabilities</b>		<b>289</b>	<b>485</b>	<b>270</b>
<b>EQUITY</b>				
- Share capital	2	99,387	99,107	98,702
- Accumulated losses		(7,413)	(43,366)	(25,919)
<b>Total Equity</b>		<b>91,974</b>	<b>55,741</b>	<b>72,783</b>
<b>Total Equity and Liabilities</b>		<b>92,263</b>	<b>56,226</b>	<b>73,053</b>

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



*Director - R L Challinor*  
 24 February 2010



*Director - A M Cotton*  
 24 February 2010

The Notes to the Financial Statements set out on pages 16 to 24 should be read in conjunction with this Statement of Financial Position.

BARRAMUNDI LIMITED  
**STATEMENT OF CASH FLOWS**  
 FOR THE SIX MONTHS ENDED 31 DECEMBER 2009

	6 MONTHS ENDED 31/12/09	6 MONTHS ENDED 31/12/08	YEAR ENDED 30/06/09
	UNAUDITED \$000	UNAUDITED \$000	AUDITED \$000
<b>Operating Activities</b>			
<i>Cash was provided from:</i>			
- Sale of investments	9,880	4,370	13,252
- Interest received	213	285	422
- Dividends received	892	1,181	1,890
- Realised foreign exchange (losses)/gains on cash and cash equivalents	(133)	(253)	34
<i>Cash was applied to:</i>			
- Purchase of investments	(4,336)	(5,438)	(9,324)
- Operating expenses	(682)	(544)	(1,062)
- Taxes paid	(184)	(386)	(749)
<b>Net cash inflows/(outflows) from operating activities</b>	<b>5,650</b>	<b>(785)</b>	<b>4,463</b>
<b>Financing Activities</b>			
<i>Cash was provided from:</i>			
- Proceeds from warrant exercise	161	0	0
<i>Cash was applied to:</i>			
- Share buybacks	(465)	(248)	(653)
- Dividends paid (net of dividends reinvested)	(2,225)	(1,464)	(1,464)
<b>Net cash outflows from financing activities</b>	<b>(2,529)</b>	<b>(1,712)</b>	<b>(2,117)</b>
<b>Net increase/(decrease) in cash and cash equivalents held</b>	<b>3,121</b>	<b>(2,497)</b>	<b>2,346</b>
Cash and cash equivalents at beginning of period	11,753	9,628	9,628
Effects of foreign currency translation on cash balance	(34)	(192)	(221)
<b>Cash and cash equivalents at end of period</b>	<b>14,840</b>	<b>6,939</b>	<b>11,753</b>

All cash balances are comprised of short-term cash deposits.

The Notes to the Financial Statements set out on pages 16 to 24 should be read in conjunction with this Statement of Cash Flow.

BARRAMUNDI LIMITED

**STATEMENT OF CASH FLOWS** CONTINUED

FOR THE SIX MONTHS ENDED 31 DECEMBER 2009

	6 MONTHS ENDED 31/12/09	6 MONTHS ENDED 31/12/08	YEAR ENDED 30/06/09
	UNAUDITED \$000	UNAUDITED \$000	AUDITED \$000
<b>Reconciliation of operating profit/(loss) after tax to net cash flows from operating activities</b>			
<b>Net profit/(loss) after tax</b>	<b>21,720</b>	<b>(33,164)</b>	<b>(15,717)</b>
<i>Items not involving cash flows:</i>			
- Unrealised gain on cash and cash equivalents	0	0	221
- (Gain)/Loss on revaluation of fair value through profit or loss financial assets	(21,842)	34,305	16,005
	<b>(21,842)</b>	<b>34,305</b>	<b>16,226</b>
<b>Impact of changes in working capital items</b>			
- Increase/(decrease) in fees and other payables	31	(166)	(71)
- Decrease in interest, dividends and other receivables	305	270	44
- Increase/(decrease) in current tax payable	1	(238)	(362)
	<b>337</b>	<b>(134)</b>	<b>(389)</b>
<b>Items classified as financing activities and investments</b>			
- Net amount received from/(paid for) investments	5,544	(1,792)	3,928
- Realised (gains)/losses on investments	(109)	0	232
- Decrease in investment sales receivable	0	0	197
- Decrease in purchases of investments payable	0	0	(14)
	<b>5,435</b>	<b>(1,792)</b>	<b>4,343</b>
<b>Net cash inflows/(outflows) from operating activities</b>	<b>5,650</b>	<b>(785)</b>	<b>4,463</b>

The Notes to the Financial Statements set out on pages 16 to 24 should be read in conjunction with this Statement of Cash Flow.

BARRAMUNDI LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2009

### General Information

#### Legal Form & Domicile

Barramundi Limited (“Barramundi” or the “Company”) is incorporated and domiciled in New Zealand.

The Company is a limited liability company, incorporated under the Companies Act 1993 on 8 September 2006.

Barramundi is listed on the New Zealand Stock Exchange and is an issuer under the terms of the Financial Reporting Act 1993.

The Company is a profit-oriented entity and began operating as a listed investment company on 26 October 2006.

The Company’s registered office is disclosed in the Directory.

#### Authorisation of Financial Statements

The Barramundi Board of Directors authorised these financial statements for issue on 24 February 2010.

No party may change these financial statements after their issue.

### Accounting Policies

#### Period Covered by Financial Statements

These financial statements cover the unaudited results from operations for the six months ended 31 December 2009.

#### Statement of Compliance

The interim financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (“NZ GAAP”), the Companies Act 1993 and the Financial Reporting Act 1993. They comply with New Zealand equivalent to International Accounting Standard 34 (“NZ IAS 34”) and International Accounting Standard 34, *Interim Financial Reporting*.

The interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the Company’s annual financial report for the year ended 30 June 2009.

BARRAMUNDI LIMITED

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE SIX MONTHS ENDED 31 DECEMBER 2009

Amendments to the New Zealand equivalent to International Financial Reporting Standard 7 (“NZ IFRS 7”) and NZ IAS 1 will be applicable in the financial statements for the year ending 30 June 2010. The changes to NZ IFRS 7 will impact the disclosure of investments in the full-year financial statements but not the measurement or recognition. A change to NZ IAS 1 will alter the presentation of primary financial statements but will not affect any balances.

NZ IFRS 9 Financial Instruments (the “Standard”) has been issued and is expected to be adopted by the Company for the year ending 30 June 2014. It is not expected to impact the financial statements in the Standard’s current form, although changes may be made to the standard prior to adoption.

Any other new accounting standards and amendments not disclosed are not expected to have a material impact on the financial statements when they are initially applied.

There have been no other changes in accounting policies or the basis of preparation from the Company’s full financial statements for the year ended 30 June 2010.

### **Critical Accounting Estimates and Judgements**

The preparation of financial statements requires Directors to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses.

## BARRAMUNDI LIMITED

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE SIX MONTHS ENDED 31 DECEMBER 2009

## Note 1 - Statement of Comprehensive Income

	6 MONTHS ENDED 31/12/09	6 MONTHS ENDED 31/12/08
	UNAUDITED \$000	UNAUDITED \$000
<b>(i) Foreign exchange losses on cash and cash equivalents</b>		
<i>Foreign exchange losses on cash and cash equivalents</i>		
- Unrealised	(35)	(184)
- Realised	(133)	(253)
<b>Total foreign exchange losses on cash and cash equivalents</b>	<b>(168)</b>	<b>(437)</b>
<b>(ii) Net changes in fair value of financial assets</b>		
<i>Fair value through profit or loss - designated</i>		
<i>Equity investments</i>		
- Unrealised	23,023	(28,484)
- Realised	(644)	490
<i>Foreign exchange on equity investments</i>		
- Unrealised	(1,706)	(5,637)
- Realised	785	162
<b>Total investment gains/(losses)</b>	<b>21,458</b>	<b>(33,469)</b>
<i>Fair value through profit or loss - held for trading</i>		
<i>Foreign exchange contracts</i>		
- Unrealised	560	0
- Realised	(32)	74
<b>Total foreign exchange gains on contracts</b>	<b>528</b>	<b>74</b>
<b>Total net changes in fair value of financial assets</b>	<b>21,986</b>	<b>(33,395)</b>

BARRAMUNDI LIMITED

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE SIX MONTHS ENDED 31 DECEMBER 2009

## Note 1 - Statement of Comprehensive Income continued

	6 MONTHS ENDED 31/12/09	6 MONTHS ENDED 31/12/08
	UNAUDITED \$000	UNAUDITED \$000
<b>(iii) Operating Expenses</b>		
Audit fees	16	15
Manager's fees (note 5)	614	293
Directors' fees	66	66
Brokerage fees	48	25
Custody and NZX fees	44	41
Personnel	45	60
Administration & other	17	12
Investor relations	128	88
Taxation and legal services	39	45
Bank fees	1	1
<b>Total operating expenses</b>	<b>1,018</b>	<b>646</b>

## Note 2 - Share Capital

	31/12/09	31/12/08	30/06/09
	UNAUDITED \$000	UNAUDITED \$000	AUDITED \$000
<b>Ordinary shares</b>			
Opening balance	98,702	98,800	98,800
Shares issued under dividend reinvestment plan	989	555	555
Warrants exercised	161	0	0
Share buybacks held as treasury stock	(465)	(248)	(653)
<b>Closing balance</b>	<b>99,387</b>	<b>99,107</b>	<b>98,702</b>

A dividend of 1.47cps and a dividend of 1.72cps were paid on 18 September and 18 December respectively under the Company's long-term distribution policy (September 2008: 2cps). >>

## BARRAMUNDI LIMITED

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE SIX MONTHS ENDED 31 DECEMBER 2009

**Note 2 - Share Capital continued**

As at 31 December 2009 there were 101,642,495 fully paid Barramundi shares on issue (31 December 2008 and 30 June 2009: 101,444,890), including treasury stock of 17,309 (31 December 2008: 837,075, 30 June 2009: 843,186).

All ordinary shares are classified as equity, rank equally and have no par value. All shares (with the exception of treasury stock) carry an entitlement to dividends and one vote is attached to each fully paid ordinary share.

Relating to the period, the following transaction affected issued and paid up capital of the Company:

- (i) On 30 October 2009, Barramundi announced the continuation of its share buyback programme for its ordinary shares in accordance with section 65 of the Companies Act 1993 for up to 5,000,000 shares between 1 November 2009 and 31 October 2010. At 31 December 2009, a total of 2,318,736 ordinary shares had been purchased at a total cost of \$1,481,548.

**Warrants**

Relating to the period, the following transactions affected warrants on issue by the Company:

- (i) On 26 October 2009, the remaining Barramundi warrants (BRMWA) of 49,446,684 expired.
- (ii) On 27 October 2009, 50,513,313 new Barramundi warrants (BRMWB) were allotted and listed on the New Zealand Stock Exchange. One new warrant was issued for every two shares held on record date to all eligible shareholders, exercisable at \$0.75 on the following dates: Tuesday 24 November 2009, Tuesday 23 February 2010, Tuesday 25 May 2010, Tuesday 24 August 2010, Tuesday 23 November 2010, Tuesday 22 February 2011, Tuesday 24 May 2011, Tuesday 23 August 2011 and Thursday 27 October 2011 (Final Exercise Date). Holders can elect to exercise some or all of their warrants on any these dates subject to a minimum exercise of 500 warrants.
- (iii) On 30 October 2009, Barramundi announced the continuation of its warrant buyback programme for up to a maximum of 2,500,000 warrants between 1 November 2009 and 31 October 2010.
- (iv) On 24 November 2009, 214,914 warrants were converted to ordinary shares at \$0.75 per share.

BARRAMUNDI LIMITED

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE SIX MONTHS ENDED 31 DECEMBER 2009

- (v) As at 31 December 2009, there were 50,298,399 warrants (BRMWB) on issue. The fair value of the warrants based on the last trading price at 31 December 2009 was \$0.12 each.

### Note 3 - Taxation

The tax rate used is the corporate tax rate of 30% payable by New Zealand corporate entities on taxable profits under New Zealand tax law (31 December 2008: 30%, 30 June 2009: 30%).

### Note 4 - Financial assets at fair value through profit or loss

	31/12/09	31/12/08	30/06/09
	UNAUDITED \$000	UNAUDITED \$000	AUDITED \$000
<i>Investments at fair value through profit or loss, are summarised as follows:</i>			
<b>Financial assets at fair value through profit or loss - designated</b>			
Cost of Australian listed equity investments	85,000	96,441	90,251
Unrealised losses on Australian listed equity investments	(8,239)	(47,656)	(29,556)
<b>Financial assets at fair value through profit or loss - held for trading</b>			
Fair value of foreign exchange contracts and unsettled transactions	621	0	62
<b>Total investments at fair value through profit or loss</b>	<b>77,382</b>	<b>48,785</b>	<b>60,757</b>

## Other Disclosures

### Note 5 - 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. The Manager of Barramundi is Fisher Funds Management Limited ("Fisher Funds" or the "Manager"). Fisher Funds is a related party by virtue of the common directorship and a management agreement. >>

BARRAMUNDI LIMITED

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE SIX MONTHS ENDED 31 DECEMBER 2009

### Note 5 - Related Party Information continued

The management agreement with Fisher Funds provides for the provisional payment of a management fee equal to 1.25% per annum of the Gross Asset Value ("GAV"), calculated weekly and payable monthly in arrears. This management fee will be reduced by 0.10% for each 1.0% per annum by which the Gross Return achieved on the portfolio during each financial period is less than the change in the NZX 90-Day Bank Bill Index over the same period but subject to a minimum management fee of 0.75% of the average GAV for that period.

Management fees paid or payable (inclusive of GST) to Fisher Funds for the six months ended 31 December 2009 amounted to \$614,100 (six months to 31 December 2008: \$292,801, year to 30 June 2009: \$563,943). During the period to 31 December 2009, the management fee was calculated and invoiced at 1.25% of GAV (31 December 2008 and 30 June 2009: 0.75%).

A performance fee may be earned by the Manager provided certain benchmarks and a high water mark test have been met. No performance fee has been earned by the Manager for the six months ended 31 December 2009 (six months to 31 December 2008: Nil, year to 30 June 2009: Nil).

Barramundi's corporate management team are employed by Fisher Funds to provide management services to Barramundi. The corporate team's remuneration is recharged by Fisher Funds and the cost for the six months ended 31 December 2009 was \$45,364 (six months to 31 December 2008: \$60,037, year to 30 June 2009: \$112,614). These costs do not include any key management personnel compensation.

The Directors of Barramundi are the only key management personnel and they earn a fee for their services which is disclosed in note 1 (iii) under Directors' fees. Only independent Directors earn a Directors fee.

### Note 6 - Financial Risk Management Policies

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 Barramundi and Fisher Funds details permitted investments. Financial instruments currently recognised in the financial statements also comprise cash and short term deposits, trade and other receivables and trade and other payables.

BARRAMUNDI LIMITED

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE SIX MONTHS ENDED 31 DECEMBER 2009

### **Capital Risk Management**

The Company's objective when managing capital is to safeguard its ability to continue as a going concern.

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 period.

In August 2009, the Company announced its long-term distribution policy of paying out 2% of average NAV per quarter.

### **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 monthly reporting to the Board of Directors.

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

### **Currency and Price Risk**

The Company holds assets denominated in Australian dollars. It is therefore exposed to currency risk as the value of Australian denominated equities and cash held in Australian dollars will fluctuate with changes in the relative value of the New Zealand dollar compared to the Australian dollar.

### **Interest Rate Risk**

Short-term deposits potentially subject the Company to interest rate risk. The Company invests surplus cash in the New Zealand and Australian money market (short-term investments only) and interest income is therefore subject to changes in interest rates both in New Zealand and Australia. The Company may use short-term fixed rate borrowings to fund investment opportunities. There is no hedge against the risk of downward movements in interest rates. >>

## **Note 6 - Financial Risk Management Policies continued**

### **Credit Risk**

In the normal course of its business, the Company is exposed to credit risk from transactions with its counterparties. There are no significant concentrations of credit risk. The Company does not expect non-performance by counterparties, therefore no collateral or security is required.

All transactions in listed securities are paid for on delivery according to standard settlement instructions. The Company invests cash with banks registered in New Zealand and Australia which carry a minimum short-term credit rating of A-1.

### **Liquidity Risk**

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. Such liquidity can be augmented as necessary by short-term borrowings from a registered bank to a maximum value of 20% of the Gross Asset Value of the Company.

No such borrowings have arisen to date.

## **Note 7 - Net Asset Value**

The unaudited Net Asset Value per share of Barramundi as at 31 December 2009 was \$0.91 per share (31 December 2008: \$0.55, 30 June 2009: \$0.72).

The unaudited diluted Net Asset Value per share of Barramundi as at 31 December 2009 was \$0.85 per share (31 December 2008: \$0.70, 30 June 2009 \$0.81).

The diluted Net Asset Value describes the effect if all warrants were exercised on the date of calculation of the Net Asset Value at \$0.75 (31 December 2008 and 30 June 2009: \$1.00).

## **Note 8 - Subsequent Events**

There were no events subsequent to 31 December 2009 which require adjustment of, or disclosure in, the financial statements (31 December 2008 and 30 June 2009: None).

The unaudited Net Asset Value per share of Barramundi as at the last reported date of 17 February 2010 was \$0.89 per share (diluted: \$0.84 per share).

On 23 February 2010, 3,750 shares were issued following the exercise of 3,750 warrants at 75 cents each.

On 23 February 2010 the Board declared a dividend of 1.84 cents per share.

# Accountants' Report



## Accountants' Report

To the shareholders of Barramundi Limited

PricewaterhouseCoopers  
188 Quay Street  
Private Bag 92162  
Auckland, New Zealand  
DX CP24073  
www.pwc.com/nz  
Telephone +64 9 355 8000  
Facsimile +64 9 355 8001

We have reviewed the interim financial statements (the "financial statements") on pages 11 to 24. The financial statements provide information about the past financial performance and cash flows of Barramundi Limited (the "Company") for the period ended 31 December 2009 and its financial position as at that date. This information is stated in accordance with the accounting policies set out on pages 16 and 17.

This report is made solely to the Company's shareholders as a body, in accordance with Section 205(1) of the Companies Act 1993. 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 an accountants' 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 review procedures, for this report, or for the opinions we have formed.

### Directors' responsibilities

The Company's Directors are responsible for the preparation and presentation of the financial statements that present fairly the financial position of the Company as at 31 December 2009 and its financial performance and cash flows for the period ended on that date.

### Accountants' responsibilities

We are responsible for reviewing the financial statements presented by the Directors in order to report to you whether, in our opinion and on the basis of the procedures performed by us, anything has come to our attention that would indicate that the financial statements do not present fairly the matters to which they relate.

### Basis of opinion

A review is limited primarily to enquiries of company personnel and analytical review procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit on the financial statements and, accordingly, we do not express an audit opinion.

We have reviewed the financial statements of the Company for the period ended 31 December 2009 in accordance with the Review Engagement Standards issued by the New Zealand Institute of Chartered Accountants.

We have no relationship with or interests in the Company other than in our capacity as accountants conducting this review and in our capacity as auditors under the Companies Act 1993.

### Review opinion

We have reviewed the financial performance and cash flows of the Company for the period ended 31 December 2009 and its financial position as at that date.

Based on our review, nothing has come to our attention that causes us to believe that the financial statements do not present fairly the financial position of the Company as at 31 December 2009 and its financial performance and cash flows for the period ended on that date in accordance with International Accounting Standard 34 and New Zealand Equivalent to International Accounting Standard 34, *Interim Financial Reporting*.

Our review was completed on 24 February 2010 and our review opinion is expressed as at that date.

Chartered Accountants

Auckland

## Directory

### Nature of Business

The principal activity of the Company is investment in Australian companies.

### Manager

*Fisher Funds Management Limited*

Level 2, 95 Hurstmere Road

PO Box 33 549

Takapuna

Auckland 0740

*Corporate Manager*

Nivedita Findlay

### Directors

*Independent Directors*

Rob Challinor (Chairman)

Annabel Cotton

Ian Hendry

*Director*

Carmel Fisher

### Registrar

*Shareholders with enquiries about transactions and changes of address should contact Barramundi's share registrar:*

*Computershare Investor Services Limited*

Level 2, 159 Hurstmere Road

Takapuna

Private Bag 92119

Auckland 1142

Phone: 09 488 8700

Email: [enquiry@computershare.co.nz](mailto:enquiry@computershare.co.nz)

### Auditors

*PricewaterhouseCoopers*

188 Quay Street

Auckland 1010

### Solicitors

*Chapman Tripp*

Level 35

23-29 Albert Street

Auckland 1010

*Hesketh Henry*

Level 11

41 Shortland Street

Auckland 1010

### Bankers

*Australia New Zealand Banking Group Limited*

Level 9, ANZ Tower

215-229 Lambton Quay

Wellington City 6011

### Investor Enquiries

*Barramundi Limited*

Level 2, 95 Hurstmere Road

PO Box 33 549

Takapuna

Auckland 0740

Phone: 09 489 7074

Fax: 09 489 7139

Email: [enquire@barramundi.co.nz](mailto:enquire@barramundi.co.nz)

Website: [www.barramundi.co.nz](http://www.barramundi.co.nz)

### Direct crediting of dividends

To minimise the risk of fraud and misplacement of dividend cheques, shareholders are strongly recommended to have all payments made by way of direct credit to their nominated bank account. This can be done by notifying the share registrar in writing.

