



Dear Share and Warrant Holders

In our Interim Report dated 31 December 2009 we highlighted the Barramundi portfolio's outstanding 29.6% return for the first six months of the financial year. The increase in the value of the portfolio for the quarter ended 31 March 2010, after including a dividend of 1.84cps paid on 19 March 2010, was a lower but nonetheless pleasing 4.4% (exceeding the S&P/ASX Small Ords Industrial index by 1.3%).

Barramundi's share price ended the quarter at 74 cents – only 1 cent below the warrant exercise price. A few shareholders decided to exercise their warrants during the quarter. Unlike ordinary shares, warrants do not qualify for dividends. If you are considering exercising your warrants we recommend you seek independent financial advice. Matters you may want to take into account include the Company's dividend policy, Net Asset Value (NAV), share price and share portfolio outlook. The next exercise date is 25 May 2010 with future quarterly dates up to the final exercise date of 27 October 2011.

The dividend paid in March was the third quarterly dividend paid under the policy introduced last year of paying 2% of average NAV per quarter. Based on the current share price, the payout represents an approximate 11% annual return, which is on a tax-free basis for most shareholders. The quarterly dividends qualify under the Dividend Reinvestment Plan and there has been an increase in the number of shareholders electing to receive shares rather than cash. Given the dividend policy, and the fact that the current share price is still some 15% below the per share value[^] of the portfolio, your Directors wonder why more shareholders do not recognise the attractive investment fundamentals of the Company.

As reported by Fisher Funds later in this *Update*, takeover activity in three portfolio companies kept the Manager busy over the quarter. Other interesting portfolio company news is referred to in our Managers report.

As we head into the last weeks of the financial year, we remain positive as to the outlook for the annual result which is due to be announced in August.

With best wishes,

On behalf of the Board,

[^]Diluted net asset value

Rob Challinor | Chairman – Barramundi Limited | 29 April 2010

Barramundi Quarterly Review – Fisher Funds

Market Environment and Portfolio Performance

Wow – what a quarter – not one, but two of the Barramundi portfolio companies coming under takeover interest and this on top of the takeover of Pipe Networks that went unconditional in March. This was a theme we speculated on in the half year report and one that went spectacularly to form with both Arrow Energy and Centrebet the subject of

potential takeovers. Takeovers plus a healthy first half reporting season helped the Barramundi portfolio continue its run of positive quarterly returns as we rebound from the global financial crisis. For the quarter the NTA of Barramundi grew by 4.4% with the portfolio up 61.2% over the past year.

At a broader market level, sentiment for the first quarter was patchy with markets buffeted between macro-economic concerns, principally centred around Greece and subtle tightening of credit by Chinese authorities in an effort to touch the brakes and slow the economy down slightly. Despite this >

Relative Performance 31 March 2010 (in NZD terms)	Three Months	Since Inception
Barramundi NAV*	4.4%	3.1%
90 Day Bank Bill Index (NZD) + 7% p.a.	2.4%	57.9%
S&P/ASX 300*	5.8%	16.3%
S&P/ASX Small Ords industrials *	3.1%	-8.9%

* Includes dividends paid.

At a Glance

Performance for the three months to 31 March 2010:

Net Asset Value	4.4%
Share Price	5.7%
Warrant Price	-16.7%

Notable March quarter share price gains and losses, including dividends (in AUD terms):

Centrebet	40%
Arrow Energy	21%
Aevum	-19%
Bravura Solutions	-33%
Vision Group	-37%

Portfolio Holdings as at 31 March 2010:

Company	% Holding
Aevum	6.6%
Arrow Energy	12.0%
Austbrokers Holdings	4.2%
Bravura Solutions	2.7%
Centrebet Limited	6.2%
Credit Corp	3.2%
McMillan Shakespeare	4.3%
Noni B	1.2%
Oakton	1.6%
Pharmaxis	10.7%
Reckon	4.2%
RP data	0.4%
ToxFree Solutions	6.7%
Treasury Group	2.9%
Vision Group	1.6%
WHK Group	5.4%
Equity Total	73.9%
New Zealand dollar Cash	7.5%
Australian Dollar Cash	18.6%
Cash Total	26.1%
TOTAL	100.0%



the quarter ended on a positive note as evidence continues to build that the US economy, much to most investors surprise, is dragging itself out of the mire and posting reasonable growth figures. This has been accompanied with a stronger US dollar.

As is the case in every February, Australian companies reported half year profit results. This gives us the chance to formally review the performance of the portfolio companies. Generally speaking we were more than happy with the results achieved. On balance they demonstrated that Barramundi's portfolio companies have enjoyed the improved trading conditions of the past six months as the Australian economy lifted out of the global financial crisis. On average the portfolio companies generated profit growth well in excess of the market average 10% profit growth, with profits for Barramundi's companies rising an average of 16%.

A resumption of strong profit growth, the strong market position of the portfolio companies and valuations that are still reasonable (the median portfolio PE ratio is 12.8 times) despite the strong stock price rises of the past year, point to continued attractive returns.

Specific Company News

The key news for the quarter was a takeover offer for **Arrow Energy** by a Shell, PetroChina JV. The takeover offer is for a cash payment of \$4.70 per share and one share in a new venture, Dart Energy, into which Arrow's international assets, as well as some small share holdings in listed Australian CSM (coal seam methane) ventures, Bow Energy and Apollo Energy, will be vended. All up we estimate the value of the takeover offer at c\$5.25. We anticipate accepting the takeover.

As we mentioned in the introduction Barramundi enjoyed not one, but two potential takeovers in the quarter. Whilst the release was scarce on information **Centrebet** advised the market that, as a result of a process it has been running with Calibur Partners, it has received three highly conditional indications of a potential change of control transaction – longhand for a takeover. We expect further updates from CIL on this process in coming months.

Despite being opposed to it on valuation grounds, we decided to accept the takeover offer of **Pipe Networks** by TPG Telecom. Our rationale for accepting this transaction was threefold. First, with the founders of the business accepting the offer and signalling their intention to depart, we were concerned at

the future management direction of the business. Second, we were conscious that TPG, as a major customer of Pipe, was in the position to influence the future profitability of the business and potentially to drive down value for minority investors. Third, whilst we largely discount these risks, there is increasing uncertainty about the future shape of Australia's NBN (the fibre to the home project) and, in particular, an announcement early in March hinting that the NBN company might be allowed to wholesale capacity to large government organisations. This potentially adds a significant new competitor for Pipe.

For the record Barramundi has owned Pipe for 18 months, buying its first shares at \$2.80 and ending up with a total of 1.6m shares. Barramundi finally sold its holding in Pipe Networks at a share price of \$6.30 into the merger with TPG Telecom. Over that time, which included the GFC, Pipe generated a return of 48.8%pa for the portfolio netting shareholders a profit of A\$4.7m. Sad to see it go but life moves on.

Pharmaxis reported phase IIa trial results for ASM8, an anti inflammatory agent for treating severe asthma, acquired in the recent Topigen Pharmaceuticals purchase. The trial met both the expected efficacy and safety end points which was pleasing. In discussions with management we believe the commercial opportunities for ASM8 are significant and that, under previous ownership, partnering discussions were held with larger pharmaceutical companies pointing to material equity value for ASM8. For now it continues to be a significant addition to Pharmaxis's long term development pipeline.

Toxfree Solutions announced the acquisition of Envirochem, a specialist provider of chemical waste treatment and disposal services on the East Coast. This is a small acquisition with an enterprise value of \$3.1m and is part of Tox Free's strategy of deepening its East Coast service offer. We expect to see further acquisitions in the East, most importantly we expect Tox Free to bolt on a Victorian waste facility which will facilitate a vertically integrated offer in the Industrial Services (ex Barry Bros) operation.

Outlook

Whilst not wanting to minimise the risks posed by global macroeconomic concerns, principally the likes of the ongoing "Greek Tragedy" and the turmoil that US investment bank Goldman Sachs finds itself in, we are confident about the

Barramundi Net Asset Value and Share Price



(Performance above excludes dividends paid)

outlook for the Barramundi portfolio. Most importantly, as we have mentioned before, it is the performance of the portfolio companies that gives us that reassurance. It is no news that the past two years have provided a stern challenge to businesses. Your portfolio companies weathered that challenge and, as shown in recent results, have come through it and are still growing. This growth means that the intrinsic value of these companies is higher than it was – a fact that the market will not overlook. Ultimately the strength of your investments has been underlined by the takeover activity in the portfolio – a real endorsement of these firms.

As we now sit, your portfolio is made up of some of Australia's most attractive firms, valuations are reasonable and, as a result of recent takeovers, we have plenty of cash to find the next tranche of companies that will drive Barramundi forward over the next three to five years.



Carmel Fisher, Managing Director
Fisher Funds Management Ltd
29 April 2010



Frank Jasper, Senior Portfolio Manager
Fisher Funds Management Ltd
29 April 2010

Why does Barramundi buy back its shares?

Mr Market (as Warren Buffet often calls the share market) has provided Barramundi with an opportunity to add value by pricing shares below net asset value. By buying Barramundi shares, on market, at a discount to the asset value represented by that share the Board is able to boost underlying value for all other Barramundi shareholders. This is a tangible way that the Board can help in improving returns for all shareholders. However, any decision by the Board to acquire shares will also consider market trading volumes, share price trends and our Manager's assessment of investment alternatives.

Why do we send out a buyback notice?

Shareholders are sent a share buyback letter within three months of a buyback. This is to notify them of the number of shares bought back on-market, the total cost including

brokerage, and the average cost per share. We are required to inform you of this as part of our obligations under the Companies Act. The company does not buy back shares directly from shareholders – the buybacks are via the NZSX. A buyback notice informing shareholders of recent buyback activity is part of this newsletter (page 4).

What happens to the shares bought back?

The shares that are bought back by the company are referred to as "Treasury Stock" shares. The company can at any time hold up to 5% of total shares on issue as Treasury Stock and any shares bought back in excess of 5% will be cancelled upon acquisition. In the quarter to 31 March, Barramundi bought back 588,199 shares at a cost of \$416,509. The total number of Treasury Stock shares held at 31 March was 202,611.

Treasury Stock may be re-issued to shareholders under Barramundi's dividend reinvestment plan or it can also be issued to other parties as a placement. In both these cases the Directors are required to resolve that such an issue is in the best interests of shareholders and the Company.

When the NAV is calculated, the number of Treasury Stock is deducted from total shares on issue of the company. This increases the NAV per share, although it takes a significant (>10 million) number of shares bought back to have any meaningful impact on the NAV per share.

Do share buybacks reduce the discount?

It is our view, that in current market conditions, share buybacks have not had a noticeable effect on narrowing the discount between NAV and share price for Barramundi. Other factors including shareholder sentiment and the state of the local and global economies appear to be a much greater determinant on the level of discount which prevails.

New Barramundi Website

The new Barramundi website is close to being completed. We intend to make the website live by late May and you will be able to find the website at the same address of www.barramundi.co.nz. If you have any comments on the new website, please feel free to let us know.

What's Coming Up?

- » Warrant exercise date – 25 May 2010
- » Dividend payment – 18 June 2010 (record date 4 June)
- » Financial year end – 30 June 2010
- » Warrant exercise date – 24 August 2010
- » Annual Result announced – Late August 2010
- » Annual Report published – September 2010

The Barramundi *Update* newsletter is 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.

If you would also like to be emailed the monthly NAV please email us to be added to the mailing list.

29 April 2010

Dear Shareholder

**BARRAMUNDI LIMITED – SHARE BUYBACK – NOTICE TO SHAREHOLDERS FOR PERIOD FROM
25 FEBRUARY 2010 TO 22 APRIL 2010**

This notice to shareholders is issued in accordance with the requirements of section 65(2A) of the Companies Act 1993.

The Barramundi Board announced on 30 October 2009, its intention to continue the share buyback programme of Barramundi ordinary shares and warrants. The buyback period is from 1 November 2009 to 31 October 2010 and is for up to 5,000,000 shares and up to a maximum of 2,500,000 warrants.

In accordance with the requirements of section 65(2A) of the Companies Act 1993, Barramundi Limited advises that between 25 February 2010 and 22 April 2010, it purchased a total of 861,086 ordinary shares at a total cost of \$621,437, an average price of \$0.7217. All these shares acquired under the buyback scheme are held as treasury stock but are available to be re-issued.

As the shares acquired under the buyback were purchased on-market via an appointed independent broker, the sellers of the shares are not known to the company.

Yours sincerely

On behalf of the Board,



**Nivedita Findlay
CORPORATE MANAGER
Barramundi Limited**